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# ***Daily Report***

## **China**

FBIS-CHI-93-053  
Monday  
22 March 1993

# Daily Report

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22 March 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### DPRK Demands Withdrawal of U.S. From ROK

OW1903002093 Beijing XINHUA in English  
1645 GMT 18 Mar 93

[Text] Pyongyang, March 18 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today demanded that the U.S. withdraw its forces deployed recently in South Korea.

DPRK's Committee for the Peaceful Reunification of the Fatherland said this in a press communique released here today against the 10-day "Team Spirit" military exercises held jointly by the U.S. and South Korea.

The communique said U.S. Secretary of State Warren Christopher had said whether to station its forces in South Korea will be decided by the situation in the Korean peninsula.

The communique said the U.S. should stop the "Team Spirit" exercises by withdrawing its forces and nuclear arms deployed in South Korea to help create conditions for relaxing the tension in the region.

According to reports reaching here, Seoul made an unofficial request for U.S. forces' temporary stay in South Korea after the exercises which started on March 9. But the forces will be pulled out of the country as planned, said U.S. defense ministry officials.

### Second U.S.-DPRK Meeting Held in Beijing

OW2003004993 Beijing XINHUA in English  
2117 GMT 19 Mar 93

[Text] Washington, March 19 (XINHUA)—The second meeting in a week between a U.S. Embassy political counselor and his counterpart of the Democratic People's Republic of Korea (DPRK) was held in Beijing on March 18, the U.S. State Department said today.

Joseph Snyder, a spokesman of the State Department, said "the meeting was requested by the North Koreans to continue our discussions from March 17th," Snyder said.

Like Wednesday [17 March], Snyder declined to give any details about the second meeting.

It was the first time that there has been a consecutive set of meetings between the United States and the DPRK in Beijing in a series of 30 meetings that have happened since December 1988.

On March 17, a U.S. Embassy political counselor asked for a meeting with a DPRK's Embassy political counselor in Beijing on the nuclear matters.

After the first meeting, the U.S. State Department said the United States asked for the meeting "in order to

express our concerns about North Korea's announcement of its intention to withdraw from the Non-Proliferation Treaty."

The United States also wanted to "make sure that the North Korea understand that the whole world wants them to reconsider their announcement and the whole world wants them to abide by their commitments and continue those commitments into the future," the State Department said.

In a related development, the DPRK'S Foreign Minister Kim Yong-nam today formally conveyed to the U.N. Security Council his government's decision to withdraw from the Nuclear Non-Proliferation [Treaty] in a protest against a violation of the DPRK's sovereign rights and an interference in its internal affairs by the International Atomic Energy Agency.

### Commentary on DPRK Nuclear Issue, Settlement

SK2203121893 Beijing China Radio International in Korean 1100 GMT 20 Mar 93

[Station commentary "On the Extension of the Period for the Inspection of the Korean Nuclear Facilities by the International Atomic Energy Agency"]

[Text] At an emergency meeting in Vienna the other day, the International Atomic Energy Agency [IAEA] decided to postpone its proposal to the DPRK that the two nuclear facilities [sisol] located northwest of Pyongyang be inspected before 25 March. Rather, it decided to propose inspections by the end of March.

It is too early to see if this decision will help ease the dispute between the Western countries and Korea over the nuclear inspection issue, as the international community hopes.

The dispute between Korea and the IAEA started long ago. The Western countries, particularly the United States, have continued accusing Korea of secretly developing nuclear weapons. They repeatedly demanded that the IAEA conduct inspections of what they call nuclear facilities.

In a memorandum issued on 15 March, the Korean Foreign Ministry stated that Korea received as many as six nonregular inspections by the IAEA from May 1992 to February 1993 and provided the inspectors with every convenience to help them perform their task. However, the IAEA said that there was disparity between the report submitted by the DPRK and the results of the IAEA inspection. Moreover, on 25 February the IAEA adopted a resolution on conducting special inspections in North Korea. The Korean side reacted with intense sensitivity to this resolution, stating that the resolution is a wanton violation of Korean sovereignty. The Korean Government issued a statement on 12 March announcing its withdrawal from the Nuclear Nonproliferation Treaty [NPT]. In a memorandum issued on 15 March, the Korean Foreign Ministry stated that the step



taken by Korea is a self-defense measure to defend national dignity and the right to exist and a just measure to defend the common interest of nonnuclear states.

[Word indistinct] has considerable [word indistinct] over the Korean withdrawal from the NPT. The Western countries, including the United States, hint that unless Korea changes its position, they will impose international economic sanctions against that country. In the meantime, they are holding secret contacts with the Korean side, urging it to revoke its decision. The recent talks between the diplomats of Korea and the United States stationed in Beijing represent part of this effort. The IAEA decision to postpone the deadline is very likely to [word indistinct] with this effort.

In connection with the U.S.-ROK Team Spirit-93 joint military exercise, Korea declared a state of semi-war. Tensions are increasing on the Korean peninsula again. People hope that the dispute between the West and Korea will be [word indistinct] alleviating the tense situation today.

#### **'Grim' Nuclear Proliferation Issue Viewed**

*HK1903120993 Beijing JIEFANGJUN BAO in Chinese 7 Mar 93 p 4*

["International Commentary" by Dong Guozheng (5516 0948 2398): "Why Do Western Countries Kneel Their Brows in Despair on the Issue of Nuclear Proliferation?"]

[Text] The U.S. monthly WORLD MONITOR made a surprising remark recently: "The end of the cold war has increased the possibility of a nuclear explosion in the United States." Although it is a bit difficult to understand this remark, it reflects universal misgivings in Western countries these days.

When the cold war ended, people in the Western countries felt exultant and congratulated each other on their bright prospects. Just at that moment, however, the magic "Pandora's box" of nuclear weapons quietly opened. After the disintegration of the former Soviet Union, Russia, Kazakhstan, Belarus, and Ukraine of the CIS all became nuclear states. Although they reached a gentleman's agreement on nuclear controls, they have yet to put it into practice, and they all have their own considerations and there are many disagreements between them. Moreover, the possibility of the spread of massive amounts of nuclear data and thousands of nuclear experts far and wide looms large. According to Western defense experts, at present, apart from several nuclear states which are publicly acknowledged by the world, there are a dozen countries which have mastered the technology to produce nuclear warheads, with some of them already using or trying to use nuclear technology. It is anticipated that there will probably be 15 countries in the world capable of producing guided missiles by the year 2000. That is, the world will face a completely new "multipolar nuclear environment." Based on this, Western public opinion maintains that, although a

nuclear war may not break out, people still cannot rule out the possibility of big regional powers using nuclear weapons under emergencies such as an escalation of regional conflicts, errors with nuclear control, command, communications, and intelligence systems, and so on. In the face of the "disordered situation" which has surfaced after the "end of the cold war," Western countries are dejected, puzzled, and disappointed, and feel deeply that no sooner had they heaved a sigh of relief than they were overwhelmed with greater anxieties."

If we say that the first proposition of the cold war era was to prevent the outbreak of a nuclear war, then nuclear safety control is one vital issue attracting the world's attention today. So far as the "tiny globe" on which human beings exist is concerned, there are too many nuclear weapons on it rather than too few. In the late 1980's, experts estimated that even if the United States and the Soviet Union were to retain just 5 percent each of their nuclear weapons, they would be enough to destroy the entire world. After the cold war ended, we normally expected the quantity of nuclear weapons in the world to be reduced substantially, but actually this was not the case. According to the START II agreement reached early in 1992, the total number of nuclear warheads possessed by the United States and Russia will still exceed 6,000 by 2003. What is more, it seems that the situation of nuclear confrontation has not completely vanished following the end of the cold war. At the end of last September, Shaposhnikov, commander-in-chief of the CIS Armed Forces, said that Russian nuclear missiles were still aimed at the United States. The United States still maintains a relatively powerful deterrent force of nuclear weapons and claims that a "reliable deterrent strategy is still an issue of primary consideration for U.S. defense." On one hand, the United States hopes to maintain its nuclear superiority; on the other hand, it is unwilling to provide more funds to the CIS countries for nuclear arms reduction; on one hand, the United States has taken advantage of the disintegration of the former Soviet Union to employ a large number of its nuclear experts for the sake of "saving money, energy, and time," and on the other, it has talked volubly on the danger of nuclear proliferation. According to U.S. public opinion, under the situation of the "former international system of nonproliferation of nuclear weapons facing disintegration," the United States has three options: maintaining the status quo; adopting compulsory measures to check nuclear proliferation; or adopting a policy which is suited to nuclear proliferation. At present, the Clinton administration has not made a definite selection on this "toughest of security problems." However, the starting point for U.S. action is to do its best to "prevent its interests from being damaged." In other words, the United States will strive to "reduce the nuclear threat to the minimum." Led by the United States, the Western countries are exerting pressure on medium-sized nuclear states and developing countries seeking possession of nuclear weapons in an attempt to check nuclear proliferation.

In this regard, the present situation of international nuclear proliferation is both grim and complicated. The development of this situation is in fact a reflection of the evolution of the international political and military pattern after the cold war. There is an argument in France which says that some developing countries seek the development of nuclear weapons "generally because they fear military intervention by the Western powers, and not because they all want to dominate their regions." In a certain sense, nuclear proliferation is a by-product of "nuclear blackmail," "nuclear constraint," and "nuclear deterrence," which are disgraceful legacies of the cold war. If the Western countries want to remove their worries, they should make concerted efforts with the international community to curb nuclear proliferation and stamp out sources of trouble to ultimately eliminate nuclear weapons.

#### **XINHUA Cites Sam Nunn on Talking to Russia**

OW2103215693 Beijing XINHUA in English  
2144 GMT 21 Mar 93

[Text] Washington, March 21 (XINHUA)—A prominent senator today urged the U.S. Administration to talk to a number of "key players" in Moscow instead of pinning its major attention "exclusively" on Russian President Boris Yeltsin.

Washington "ought to be talking to a number of players, key players, in Russia," Sam Nunn, chairman of the Senate Armed Services Committee, told NBC's "Meet the Press" program.

However, Nunn said, Yeltsin had been the "leading force" in Russia's democratic and free market reform and "while he continues in that direction, we certainly support him as the president and as the only nationally elected leader."

This remark echoed the White House's statement on Saturday [20 March] following Yeltsin's announcement of "special rule" before a national plebiscite on April 25.

"As Russia's only democratically elected national leader, he has our support as does his reform government and all reformers throughout the Russian Federation," the statement said.

Nunn noted that the "worst case" for Russia is "that the Army takes sides or splits apart, security forces split apart."

"If that happens, what's going on in Yugoslavia now might look calm," the senator said.

However, former Secretary of State Lawrence Eagleburger told CBS's "Face the Nation" that it was "unlikely that the military will fragment or will come against Yeltsin unless there begins to be real civil disorder."

Russia's Defense Minister Pavel Grachev has pledged neutrality in the political struggle in the country but

warned today that tension in the ranks of the Army was growing by the hour, especially in the Moscow region.

While urging the Clinton administration to go forward with his planned aid package to Russia "on the premise that the best case may happen," the senator said the United States "can't make any long-term plans" while the political strife is going on there.

#### **Official Urges Early Conclusion of Uruguay Round**

OW2003000093 Beijing XINHUA in English  
2334 GMT 19 Mar 93

[Text] Geneva, March 19 (XINHUA)—A Chinese representative today urged the big trade powers to exert the maximum political efforts to break the impasse in the Uruguay Round for an early conclusion.

"The conclusion of the round is held hostage by the tanglings among some major trading powers over agricultural products and other related issues," said the representative, Lu Ruishu.

Addressing the 39th Session of the U.N. Conference on Trade and Development (UNCTAD) Board, Lu expressed his hope that the round will produce early results balancing the interests of all sides.

The Uruguay Round, the eighth round of multilateral trade talks under the General Agreement on Tariffs and Trade (GATT), has entered its seventh year.

The round, initiated in 1986 in Punta del Este, Uruguay, has been blocked by the disputes among the European Community, the U.S. and Japan, casting shadows on the future of the talks.

"The major trade powers bear unshrinkable responsibilities for such a situation," said Lu.

The developing countries have made enormous efforts for creating a secured and rational environment for free trade in pursuing the objectives of the Punta del Este Declaration.

They are burdened with economic difficulties, affected by the unfavorable terms of trade and faced with challenges coming from various areas of the negotiations, Lu said.

But they have made a lot of concessions and measures of reforms during the negotiations, he added.

"However, in the areas of particular concern to developing countries, their demands for preferences and differentiated treatments have not been given full considerations by the developed countries," he stressed.

"In such areas as textiles, practices running counter to principles of GATT still persist."



He emphasized, "despite of this, developing countries are still very cooperative with a view to establishing a new international trade system and eliminating trade protectionism."

Nevertheless, protectionist measures have increased unabated, thus again delaying the trade talks and damaging the interests of the developing countries, according to the representative.

China, which is not a GATT member yet, holds that draft final act of the round can serve as a basis on which negotiations should conclude.

Lu stressed, "all sides should respect the package agreements which reflect balance of interests and should be very prudent about the proposal or practice for reopening negotiations and dismembering the package."

He pointed out that the failure of the round will not only result in immeasurable losses for the reforms and process of trade liberalization in developing world, but also bring about "considerable harmful effects on world trade."

Furthermore, he noted that his country is prepared for and capable of taking up responsibilities and obligations concerning the outcome of the round.

China, striving for resuming its status in GATT, has fully participated in the Uruguay Round and made as much initial commitment and concessions as it can.

#### **Foreign Leaders' Messages on Wang Zhen's Death**

*OW2203003993 Beijing XINHUA Domestic Service in Chinese 1603 GMT 19 Mar 93*

[Text] Beijing, 19 Mar (XINHUA)—From 12 to 17 March, some state leaders dispatched condolence messages to General Secretary Jiang Zemin, President Yang Shangkun, Premier Li Peng, the Standing Committee of the National People's Congress, and the State Council, respectively, to express their deep mourning over the passing of Vice President Wang Zhen.

The condolence message that Kim Il-song, general secretary of the Workers Party of Korea Central Committee and president of the Democratic People's Republic of Korea, cabled to Jiang Zemin and Yang Shangkun reads: "Comrade Wang Zhen had long held major party and state posts and had contributed greatly to the cause of Chinese revolution and construction. As a close friend of the Korean people, Comrade Wang Zhen, had made great efforts to strengthen and develop the traditional friendship and unity between Korea and China."

The message continues: "Although Comrade Wang Zhen has passed away, his achievements will live forever."

In his condolence message which was cabled to Yang Shangkun, Jordanian King Husayn said: "I express deep

sadness and sorrow over the passing of Vice President Wang Zhen. The world will always respect his outstanding life."

The cabled condolence message of Nouhak Phoumsavan, president of the Lao People's Democratic Republic, to Yang Shangkun reads: "The Chinese party and Government lost a veteran leader with the passing of Comrade Wang Zhen. The Laotian people also lost a close friend and a comrade."

The condolence letter of Than Shwe, chairman of Myanmar [Burma], addressed to Yang Shangkun notes that the passing of Vice President Wang Zhen "represents the loss of an outstanding politician and leader for your esteemed country as well as the loss of a friend for the leaders and the people of the Union of Myanmar, a friend who had dedicated his efforts to the development of a 'brotherly' relationship between the Union of Burma and the People's Republic of China."

Indian Vice President Narayanan expressed his condolences in his cable to Yang Shangkun. The message says: "People will always remember Wang Zhen's contributions to China's unification, progress, and development."

Letters and cables of condolences sent to Yang Shangkun also include those from Bangladesh President Biswas, Chilean President Aylwin, Romanian Premier Ilescu, Slovenian President Kucan, Tunisian President Ben Ali, United Arab Emirates' President Zayid, Vietnamese President Li Duc Anh, Yugoslav President Cosic, and United Arab Emirates Vice President and Premier Maktum. In his cabled condolence message to Li Peng, Bangladesh Prime Minister Zia says: "China lost a great leader and a Long March revolutionary veteran with the passing of Wang Zhen."

The cabled condolence message of Japanese Prime Minister Kiichi Miyazawa reads: "The great contributions and outstanding achievements that His Excellency Wang Zhen had made during his lifetime to develop the friendly Japanese-Chinese relations will be remembered."

Other condolence cable messages addressed to Li Peng include those from U Than Shwe, chairman of the Union of Myanmar; Sa'ad al-Sabah, crown prince and prime minister of Kuwait; and de la Puente Raygada, president of the Peruvian Council of Ministers and minister of the presidential office.

Mongolian Great Hural Chairman Bagabandi sent a cabled condolence message to the Standing Committee of the National People's Congress.

Messages of condolence were sent to the Chinese People's Association for Friendship With Foreign Countries and the China-Japan Friendship Association from the following individuals and organizations:

Yoshiro Hayashi, finance minister of Japan; Masami Tanabu, minister of agriculture, forestry, and fisheries of

Japan; Yohei Kono, chief cabinet secretary of Japan; Masayoshi Ito, president of the Parliamentary Union for Japan-China Friendship; Yoshimi Furui, president of the Japan-China Friendship Hall; Yoshio Sakurachi, speaker of the Japanese House of Representatives and concurrently president of the Japan Association for the Promotion of International Trade; Ryoichi Kawai, president of the Japan-China Economic Association; Yukuo Hirayama, president of the Japan-China Friendship Association; Tokuma Utsunomiya, former president of the Japan-China Friendship Association; Koreya Senda, a director representative of the Japan-China Association for Cultural Exchange; Takashi Mukaibo, president of the Japan-China Association; Tadashi Yaoida, president of the Japan-China Association for Agricultural, Forestry, and Fishery Exchanges; Shunichi Suzuki, president of the Japan National Association of Governors; Toru Ishii, president of the Japan National Association of Mayors; Tadao Ishikawa, chief representative of the 21st Century Committee for Japan-China Friendship; Koshiro Ishida, chairman of the Komeito Party of Japan; Yoshikazu Takeiri, former chairman of the Komeito Party of Japan; Mutsuki Kato, member of the House of Representatives and former chairman of the Policy Coordination Committee of the Liberal Democratic Party of Japan; Akira Fukida, member of the House of Representatives and former minister of home affairs of Japan; Tadaharu Kuno, president of the Japan-China Travel Agency and former minister of posts and telecommunications of Japan; Takeshi Noda, director of the Japan-China Association and former director general of the Economic Planning Agency of Japan; Shiro Nagano, governor of Okayama Prefecture in Japan; Toranosuke Takeshita, governor of Hiroshima Prefecture of Japan; Tomotsugu Nishio, governor of Tottori Prefecture in Japan; Isamu Takada, governor of Nagasaki Prefecture of Japan; Takahiro Yokomichi, governor of Hokkaido in Japan; Seiichi Itagaki, former governor of Yamagata Prefecture in Japan; Saichiro Uesugi, chairman of the Japan League for Buraku Liberation; Jiang Longyang, president of the Overseas Chinese Association in Tokyo; Koichi Saionji, a celebrity dedicated to promoting friendship between Japan and China; Daisaku Ikeda, honorary president of the Soka Society in Japan; Masaru Ibuka, honorary chairman of the board of directors of Sony Company in Japan; Keizo Saji, chairman of the board of directors of Suntory Company in Japan; Gaisi Hiraiwa, president of the Japan Federation of Economic Organizations and concurrently chairman of the board of directors of the Tokyo Power Company; Soshitsu Sen, master of the Urasenke School of Tea Ceremony of Japan; Kazumi Kimura, president of the Association of Japan-China Economic and Trade Centers; Ryoichi Sasakawa, president of the Association for Promoting Shipping of Japan; Yohei Sasakawa, operational director of the Sasakawa Japan-China Friendship Fund; Tenkoko Sonoda, wife of the former Japanese foreign minister; Dojin Mune, president of the Japan League of Sholinji Boxing; Ichiro Watanabe, vice chairman of the Komeito Party of Japan; Takatoshi Fujita, a member of the Japanese House of

Representatives; Masao Shimizu, director of the Matsuyama Ballet Troupe of Japan, and his wife Mikiko Matsuyama; Miho Mayama, director of the Shinseisaku Cultural Center of Japan; Kaji Higashiyama, a director representative of the Japan-China Association for Cultural Exchange; Ryotaro Shiba, a director representative of the Japan-China Association for Cultural Exchange; Ikuma Dan, a director representative of the Japan-China Association for Cultural Exchange; Einosuke Akiya, president of the Soka Society of Japan; Shinichi Nishida, president of the Hokkaido Association for the Promotion of International Trade in Japan; Shuji Ogawa, president of the Tokai Japan-China Trade Center; Nobuaki Kumagai, president of the Osaka Prefectural Association for Japan-China Friendship; Takashi Hiraoka, mayor of Hiroshima City in Japan; Hiroshi Nakamaoto, speaker of the Hiroshima City Assembly; Ryuji Kobayashi, general manager of the Toko Company in Japan; Hitoshi Motoshima, mayor of Nagasaki City in Japan; Tadaaki Sato, speaker of the Nagasaki City Assembly; Yasuhiko Inukai, director of KYODO NEWS AGENCY; Nobuo Danno, former director of ASAHI SHIMBUN in Japan; Masayoshi Yamamoto, president of the Japanese Red Cross Society; Reiji Hattori, chairman of the board of directors of the Seiko Company in Japan; Yutaka Kume, chairman of the board of directors of the Nissan Automobile Company in Japan; Yoshifumi Tsuji, general manager of the Nissan Automobile Company; Akira Arai, president of NIHON KEIZAI SHIMBUN; Isao Yonekura, chairman of the board of directors of the Ito Company; Ryuzaburo Kaku, chairman of the board of directors of the Kano Company in Japan; Keizo Yamaji, general manager of the Karo Company; Kisaburo Ikeura, president of the Japan-China Investment Promotion Council; Tomiichi Akiyama, general manager of the Sumitomo Company in Japan; Minoru Makihara, general manager of the Mitsubishi Company in Japan; Kenji Hanaoka, president of the Nagano Prefectural Association for Japan-China Friendship; Nobuo Sasaki, president of the Miyagi Prefectural Association for Japan-China Friendship; Tetsuo Ara, president of the Hokkaido Association for Japan-China Friendship; Tasuku Takagaki, governor of the Bank of Tokyo; Masaru Hayami, chairman of the board of directors of the Nisho-Iwai Company in Japan; Norishige Hasegawa, chairman of the board of directors of the Sumitomo Chemical Industry Company in Japan; Yotaro Iida, chairman of the board of directors of the Mitsubishi Heavy Industry in Japan; Hideto Eguchi, general manager of the Yamaha Motors Company in Japan; Yasuyoshi Tokuma of the Tokuma Group of Japan; the Overseas Chinese Association in Kobe, Japan; the Kyoto Chapter of the Japan Association for the Promotion of International Trade, the DPRK Committee for Cultural Liaison With Foreign Countries, the DPRK-China Friendship Association, president Cai-zhen-si [name as published] of the Philippine-China Friendship Association, and Chairman Chang Chi-hyuk of the board of directors of the Kohap Group in Korea.

In addition, wreaths were sent from Michio Watanabe, deputy prime minister and concurrently foreign minister of Japan; Kakuei Tanaka, former prime minister of Japan; Keizo Obuchi, member of the House of Representatives and former secretary general of the Liberal Democratic Party of Japan; and chairman Yi Kon-hi of the board of directors of the Samsung Group in Korea; as well as the corps of diplomatic envoys to China and the corps of African envoys to China.

#### **Immigrants Repatriated Under 'False Pretences'**

*HK2103072693 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 21 Mar 93 p 4*

[Report by staff reporters]

[Text] Illegal immigrants on the smuggling ship East Wood were repatriated to China under false pretences, according to sources in Fujian province.

The sources said the immigrants were not told they were being returned to China while held by United States authorities in the Marshall Islands.

Some apparently thought they were going to Europe, or to a "neutral country" for further processing.

The 524 returnees, who paid up to U.S.\$30,000 (HK\$234,000) each for passage and illegal entry into the U.S., also said the Chinese Government fined them 20,000 yuan (about HK\$27,000), the sources said.

Sources in Fuzhou confirmed Sunday Morning Post reports that those who could not or would not pay, have been detained and will be required to work on building an airport in nearby Chang Le county.

The East Wood, which left Hong Kong last December and picked up its cargo off the Fujian coast, was rescued by the U.S. Coast Guard last month after breaking down in mid-Pacific.

The human cargo, crammed into the refitted hull, was held at a U.S. military installation in the Marshall Islands.

The passengers were returned to China under an agreement between the Chinese and U.S. governments. While the terms of the agreement have not been made public, it is likely they included a provision prohibiting "inordinate sanctions" against the returnees.

The Chinese Government has denied any of the returnees are in detention.

The U.S. State Department said Washington had received a high-level assurance from China that none of the returnees had been mistreated.

The Geneva-based International Organisation for Migrants (IOA) stipulated they could only be returned to China voluntarily. A spokesman said IOA officers were present when the illegal immigrants were informed they would be returning to China.

A spokesman for the United Nations High Commissioner for Refugees in Geneva, which determined those on the East Wood did not qualify for refugee status, said his agency was "following this situation very closely".

He said the UNHCR would contact Chinese authorities to verify the status of the returnees.

At least a dozen smuggling ships with human cargo have arrived in or near U.S. waters over the past 18 months, although none is known to have carried as many immigrants as the East Wood.

This is the first time the passengers from such a ship have been repatriated to China.

Most recently-arrived illegal immigrants from China to the U.S. are from the Fuzhou area. Many have secured work permits in the U.S. by taking advantage of generous political asylum laws.

Since this method of securing at least temporary residence in the U.S. is widely known around Fuzhou, some observers have expressed scepticism that none of the East Wood passengers requested political asylum and that all returned to China voluntarily.

#### **United States & Canada**

##### **President Clinton Calls for Senate Support**

*OW2003220793 Beijing XINHUA in English 2111 GMT 20 Mar 93*

[Text] Washington, March 20 (XINHUA)—U.S. President Bill Clinton, in his weekly radio address, called on Americans today to urge the Senate to follow the House's lead and pass his budget plan and economic stimulus package.

The House-passed version of Clinton's jobs bill includes money for summer youth jobs, highway projects and other programs to put people to work. The chamber also approved Clinton's five-year, 500 billion dollar deficit-reduction plan.

Clinton, seeking to further rally public support, told his radio listeners, "the sooner our plan becomes a reality the sooner we'll be shifting the gears of our economy out of neutral and into drive."

"We need to enlist the senators now in our cause to break gridlock and get the economy moving," Clinton added.

From all indications, Senate Democrats are already getting the message.

On a pair of votes, Democrats showed by wide margins that they have the clout to repel any Republican attacks and move to passage next week of a budget resolution similar to the one approved by the House.



# **Commentaries on President Clinton's Economic Plan**

OW2103140993

[Editorial Report] Shanghai JIEFANG RIBAO in Chinese on 20 February, 22 February, and 23-25 February, under the heading "Special Commentary" on page 4, published three by-lined commentaries on Clinton's economic plan.

The 20 February commentary by Huang Renwei [7806 0088 0251], about 1,600 characters in length, is entitled "The Onset of Changes and the Goals of Conflicting Interests—An Analysis of Clinton's Economic Plan."

The commentary says the economic package announced by President Clinton is, on the surface, designed to increase revenues, cut spending, and encourage investment. On closer examination, however, "it would not be difficult to see that it represents a major readjustment of economic operating mechanisms and group interests in the United States. Rarely has any President in the post-war United States proposed readjustments on such a scale."

After a brief account of the gist of the Clinton plan, i.e., reduction of the federal deficit, hefty tax hikes for the wealthy, tax increases for the middle class, and an energy tax that applies even to the lowest income bracket, the commentary notes: For Americans, tax hikes on such a scale are "hard to accept." However, the cruel reality of the huge budget deficit and national debt have left the majority of Americans no option but to make a choice: Let the already astronomical deficit numbers continue to increase and eventually bring down the U.S. economy, or accept tax hikes. Polls taken after the Clinton economic plan was published indicate that many will choose the latter.

The Clinton plan touches on "the 'taboos' of some interest groups with special privileges in the U.S. economy and society." The first group to be affected is the defense industry. Clinton's plans for cutting defense spending by \$88 billion and introducing a 5 percent energy tax will encounter the powerful defense, public utility, and automobile industry lobbies. The National Association of Senior Citizens, another powerful group, has always been against any changes to the present social security system. "Clinton's plan to increase revenues and cut spending is not an ordinary question of budgeting; rather, it is intended to eliminate some of the heavy burdens weighing down the U.S. economy. The plan also represents a major shift in U.S. domestic and foreign policy in the post-cold war era."

The policy for cutting spending and encouraging investment in the Clinton economic plan may help activate the rise of some sectors, enterprises, and interest groups. The main targets of Clinton's investment policy are roads and bridges, civilian high technology, infrastructure relevant to small and medium enterprises, telecommunications systems, and aviation. These sectors would form

powerful enterprise groups to replace the declining defense, automobile, and petroleum groups, and "in the end, contribute to accomplishing the structural readjustment of the U.S. economy. This readjustment would be accompanied by rather higher unemployment rates and prolonged recessions in some states, thereby giving rise to new conflicts of interests."

The commentary also notes that Clinton's reform of the social security system would affect the insurance industry and a reduction in the deficit could be a boost to the stock market.

In conclusion, the commentary states: "All in all, conflicts began developing among interest groups the moment the Clinton economic plan was made public. As for its repercussions in the international arena, they could be even more complicated and capricious."

The 22 February commentary by Zhang Jialin [4545 0857 3829], about 1,600 characters in length, is entitled: "A Blueprint for Rebuilding the U.S. Economy—Comments on Clinton's Economic Plan."

The commentary notes that the "new ideas" in the economic plan unveiled by President Clinton in his State of the Union Address "signal a major shift in the U.S. economic policy that merits people's attention. The plan makes it clear that from now on the United States will step up government intervention in the economy." Since Reagan assumed power in the 1980's, the United States has pursued a hands-off economic policy that used tax cuts and deregulation to stimulate the economy and encourage consumerism. The result has been a skyrocketing deficit and swelling ranks of the unemployed. It seems that "Clinton has finally recognized that the force of the free market alone cannot solve the problem of a long, drawn-out economic recession all by itself. Therefore, he stressed that the government should play a greater role in the economy, especially in providing support to some key industries and technologies." Clinton proposed that \$30 billion be taken from the defense budget to be spent on high technology research.

The commentary notes that "microeconomic readjustment" is "a key point of the Clinton economic plan; in other words, it stresses the productive efficiency of enterprises and individuals." After citing Labor Secretary Robert Reich's theory on the importance of worker quality and infrastructure facilities, the commentary says: "Clinton's approach is not merely to promote economic growth with huge fiscal stimuli or to attack only macroeconomic problems, such as the budget deficit. Rather, he intends to tackle a long-standing structural problem in the U.S. economy: raising the quality of workers and capital, vigorously developing science and technology, and improving infrastructure facilities."

The commentary goes on, discussing the spending cuts and tax hikes in Clinton's economic plan. It notes: "As the U.S. economic situation worsens and the U.S. national strength declines, the Clinton plan of rescuing and rebuilding the economy is, it seems, right on target;

however, some specifics in the proposed spending cuts and tax hikes will be controversial in Congress, and it is still uncertain whether the plan will be passed. If the key points of the plan—that is, increasing investment and improving infrastructure facilities—are truly put into effect, they would have a positive effect on medium and long-term economic development. Foreign countries also wish to see the United States succeed in both macroeconomic and microeconomic readjustment. After all, a strong economic recovery and growth would increase U.S. purchasing power, expand demand for foreign products, and mollify trade protectionism."

The third commentary, by Zhang Xinhua [1728 2450 5478], 3,400 total characters, was published in three installments from 23 to 25 February, and is entitled: "The Strategic Plan of the New U.S. Government—An Analysis of the Clinton Economic Plan."

The commentary starts by stating that "under the current difficult and complicated economic situation in the United States," the economic package announced by Clinton on 17 February "will certainly face a series of tests and challenges."

It notes that after 12 years of Republican rule, eight years of "Reagonomics" under Reagan and four years of "Reagonomics without Reagan" under Bush, the United States is now facing "enormous and continuously rising deficits, a weakening economy, and sliding living standards." Under this setting, Clinton's mandate is to "rejuvenate the economy," and he has come up with a "plan aimed at charting the United States to a new course." His plan contains three parts: 1) A short-term spending plan to bolster economic recovery; 2) a long-term investment plan that envisages spending \$160 billion in selected areas in the next four years on job training, infrastructure construction, technical progress, and equipment renewal; and 3) a long-term deficit reduction plan that envisions cutting the deficit by \$700 billion in five years.

The commentary then goes on to explain Clinton's political strategy of having his economic plan passed in Congress during the first year, his abandonment of some campaign promises such as middle-class tax cuts (which is easier said than done) and not introducing an energy tax, and the political calculations of his embracing some of his opponents' ideas (to win over Perot supporters, for example).

Speaking of the challenges facing Clinton, the commentary notes: "It is uncertain whether the economic cycle and economic logic will respond favorably, as Mr. Clinton expects. If the wrong judgment is (or already has been) made of the economic signals, then the cost of implementing the plan will be tremendous." The commentary also notes that it is quite possible that "Clinton does not have a full, thorough understanding of the negative impact of the huge deficit, accumulated over the decades, on the U.S. economy in the coming years or even decades. The huge deficit has already distorted the

U.S. banking and capital market and ruined the investment and credit climate." A mere package of tax increases and stimulus measures would not be able to straighten out the federal fiscal environment.

The commentary also notes: "Lastly, the U.S. domestic situation is very susceptible to the restraints and influences of the international economy. Therefore, an economic recovery plan must be matched with a foreign policy and, particularly, a foreign trade policy. The United States is under tremendous international pressure in this regard. Moreover, U.S. domestic interest rates and exchange rates are not decided by Wall Street alone, but by global pressures from outside its borders. In many areas, the United States is faced with a grim situation and serious challenges. It will be hard to tell whether international conditions will be favorable or constructive."

The commentary ends with the following remarks: "In summing up, Clinton's economic plan faces challenges and tests. Whether Clinton will succeed or not depends on his judgment of the situation, his ability to deal with the changing situation, and whether his political and economic strategies will enjoy consistent majority support in the United States and receive a positive response from the international community."

### Central Eurasia

#### XINHUA Interviews Azerbaijani President

CW1903054792 Beijing XINHUA in English  
0204 GMT 19 Mar 93

[Report on interview with Isa Gambarov, president of Azerbaijan's parliament, with unidentified XINHUA correspondent on 18 March in Baku: "Azerbaijan Sees Benefit From China's Reform Experience"]

[Text] Baku, March 18 (XINHUA)—Azerbaijan appreciated China's economic reform in that it was carried out under the prerequisite of political stability, the president of the parliament here, Isa Gambarov, told XINHUA in an interview today.

The experience was of importance to his country, he added.

He said Azerbaijan had paid close attention to China's achievements in the reforms and he believed both countries could benefit greatly from increased economic cooperation.

He also hoped for a comprehensive development of bilateral relations.

On other questions, Gambarov said Azerbaijan would be holding parliamentary elections this year and would form a new constitution.

Commenting on the conflict with Armenia over the disputed Nagorno-Karabakh region, he said his government guaranteed that the Armenian population within the region would enjoy democratic rights and cultural autonomy after withdrawal of Armenian troops.

#### **Yeltsin Gives Address; Orders Poll of Confidence**

OW2003195993 Beijing XINHUA in English  
1942 GMT 20 Mar 93

[Text] Moscow, March 20 (XINHUA)—Russian President Boris Yeltsin today addressed his nation on the television, saying he signed a decree to hold a poll of confidence in the president and the vice president.

He said the country's fate should be decided not by the parliament but by the people.

The poll, which will be held on April 25, will also ask voter's opinion on the new constitution, he added.

Yeltsin said he was keeping his promise to the people who elected him to post in 1991. He warned the nation against another Bolshevik revolution which it will not survive.

Yeltsin sharply criticised the results of the recent Congress of the Russian People's Deputies, the country's supreme legislature. He said the Congress was a dress rehearsal of revenge-taking by the power party nomenclatura, preparing an anti-constitutional coup.

#### **Signs 'Special Rule' Decree**

OW2103001993 Beijing XINHUA in English  
2341 GMT 20 Mar 93

[Text] Moscow, March 20 (XINHUA)—Russian President Boris Yeltsin today signed a decree on special rule until the power crisis between the legislative and the executive organizations is resolved.

Yeltsin made this statement in a televised speech to the nation this evening. He said the changes taking place in the country are too slowly and with difficulty. With so much strength wasted, the country will neither pull itself out of poverty nor secure peace for its citizens.

Yeltsin stressed that it is quite clear today, the root of all problems lies hidden in a conflict between the legislative and executive powers rather than in the conflict between the congress and the president. It lies in the profound contradiction between the people and the former Bolshevik anti-national system, which had not yet fully disintegrated but seeking today to recapture its lost control over Russia.

On the results of the recent Congress, Yeltsin said the people's right to determine their own fate are superciliously denied at the 8th Congress of People's Deputies.

Yeltsin continued that the 8th Congress allowed the leadership of the Supreme Soviet to set in motion the flywheel of the anti-constitutional coup.

Lying at its base is the artificial exacerbation of contradictions in the constitution, he noted.

"There are two sorts of governments in Russia, the one constitutional, the other the Supreme Soviet," Yeltsin said. "They conduct essentially different policies. The government will hardly be able to work normally."

Therefore, Yeltsin said, after numerous consultations, he took following decision: signing a decree today on special rule until the crisis of power is resolved. In accordance with the decree, the vote of confidence in the president and the vice-president of the Russian Federation is set for April 25.

He said it should be for the Russian people to decide whether the president must continue to fulfil his duties and who should govern the country by the vote of confidence.

Along with the vote of confidence in the president, there will be a vote on the draft new constitution and the draft law on elections of the federal parliament.

Earlier, Yeltsin had instructed Prime Minister Viktor Chernomyrdin to submit within two days a list of eight priority economic measures, including the steps to solve the question about land and to give guarantees to privatisation.

Meanwhile, Yeltsin, as a supreme commander, ordered the Defence Ministry not to use the Army for political purposes in today's speech.

He stressed that he propose a civilized way out of the crisis, based on the fundamental principles of the Constitution, "without emergencies and arbitrariness, without tanks and barricades, without meetings and strikes".

He also asked the Russian people to support him, saying the citizens of Russia will decide everything by vote.

#### **Russian Parliament Presidium Holds Meeting**

OW2003204993 Beijing XINHUA in English 2032  
GMT 20 Mar 93

[Text] Moscow, March 20 (XINHUA)—Russian parliament held an emergency meeting of the parliamentary presidium on Saturday evening led by deputy chairman Yuriy Voronin at the White Hall.

Russian Vice President Aleksandr Rutskoy and head of Constitutional Court Valery Zorkin also attended the meeting.

They will hold a press conference scheduled at 10:30 pm local time [1930 GMT].

Also on Saturday evening, Russian President Boris Yeltsin addressed the nation to hold a poll of confidence in the president and the vice president in a televised speech.



**Vice President Refuses Decree**

*OW2003210493 Beijing XINHUA in English 2046  
GMT 20 Mar 93*

[Text] Moscow, March 20 (XINHUA)—Russian Vice-President Aleksandr Rutskoy said on Saturday that he had refused to co-sign Boris Yeltsin's order of introducing "special rule", ITAR-TASS reported.

Addressing a session of the parliament's presidium, Rutskoy warned that Yeltsin's decision to introduce presidential rule would "lead to total destabilisation in the country."

**Presidium Accuses Yeltsin**

*OW2103134993 Beijing XINHUA in English 0938  
GMT 21 Mar 93*

[Text] Moscow, March 20 (XINHUA)—The Presidium of Russian Parliament today accused President Boris Yeltsin of deliberately undermining legally-elected power bodies in an attempt to establish dictatorship.

In a statement issued after an emergency meeting at midnight, the parliament leadership appealed to all Russians to strictly abide by the Constitution and laws.

The emergency meeting, held at the White Hall and chaired by Deputy Parliament Chairman Yuriy Voronin, was convened following Yeltsin's televised speech to the nation earlier tonight.

Yeltsin announced in the address that he had signed a decree to impose special rule until April 25 when a national referendum on who should rule Russia will be held to settle the power crisis in the country.

The parliament said in the statement that Yeltsin's repeated demands for greater power and his numerous promises of a better life and a revitalized Russia had resulted in the collapse of the economy, science and culture, breakaway price rises, poverty and rampant crimes, turning Russia into a backward and dependent nation.

The statement said that the Eighth Session of the Congress of Russian People's Deputies held on March 10-13 had adopted resolute measures to end the terrible situation facing the country in order to restore legality and order and find out who is to blame for pushing the country into abyss.

It accused those around the president of conniving him to take the steps which have directly tampered the constitution in an attempt to repress the people.

Yeltsin's imposition of special rule in Russia ran counter to the Constitution and the interests of the people, it pointed out.

The statement called on Russians to resolutely support the constitutional basis of the federation and resolutely oppose the violation of the Federation Treaty.

Meanwhile, Yeltsin's main rival, parliament Chairman Ruslan Khasbulatov, who is touring other countries of the Commonwealth of Independent States, has reportedly interrupted his visit and is returning to Moscow.

**Russian Constitutional Court Meets on Decree**

*OW2003220693 Beijing XINHUA in English 2106  
GMT 20 Mar 93*

[Text] Moscow, March 20 (XINHUA)—Russia's Constitutional Court Chairman Valery Zorkin today accused President Boris Yeltsin of attempting to stage a coup following Yeltsin's address to the nation on television.

Zorkin told a news conference in the Russian parliament building that the court held an emergency session to discuss Yeltsin's decision to impose "special powers" and hold a poll of confidence in the president and the vice president on April 25.

"The Constitutional Court stated that the announcement the president made today...faced us with an attempt at a coup," Zorkin said.

He said the Court considered Yeltsin's decision "violated the basic principles of the Constitution" and was "prepared to examine appeals that may be made regarding the president's decree".

**Yeltsin Issues Decree Changing Kremlin Guard**

*OW2103133893 Beijing XINHUA in English 1317  
GMT 21 Mar 93*

[Text] Moscow, March 21, (XINHUA)—Russian President Boris Yeltsin today issued a decree ordering the transformation of the Kremlin Guard into a presidential regiment, his press service announced.

The decree said the move was made to "raise the prestige of the presidential Armed Forces".

Yeltsin's order followed his television announcement last night that he was declaring emergency rule until he can hold a referendum on April 25 to decide who rules Russia.

He described his decision as a first step towards approving a new charter and holding new elections to replace the present Congress of People's Deputies founded under the Soviet-era constitution.

But Vice President Aleksandr Rutskoy, leaders of Congress, and the head of the Constitutional Court all appeared on television to declare that his action was unconstitutional.

Rutskoy told an emergency session of the parliamentary leadership that he had refused to co-sign Yeltsin's order introducing emergency rule, saying it violated 18 articles of the Russian Constitution, TASS reported.

He appealed to the Russian people and Armed Forces to maintain calm and "not to be provoked".

Valeriy Zorkin, the head of Constitutional Court, read to the parliamentary leadership a letter accusing Yeltsin of undermining the Constitution and said the president had discredited himself.

The decision to "suspend the basis of the Russian Constitution...leads to further destabilization of society," the letter said.

Parliament Chairman Ruslan Khasbulatov has returned to Moscow from the southern republic of Kazakhstan "to restore legality and order," the INTERFAX news agency reported.

He is expected to rally opposition at an emergency session of parliament in response to Yeltsin's announcement that he would rule by decree.

### **Parliament Holds Emergency Session on 21 March**

#### **Chairman Warns of Civil War**

OW2103153193 Beijing XINHUA in English 1516  
GMT 21 Mar 93

[Text] Moscow, March 21 (XINHUA)—Russian parliament Chairman Ruslan Khasbulatov said at an emergency session of the parliament today that President Boris Yeltsin was usurping power and leading the nation towards civil war.

Russia was threatened by dictatorship after the president's declaration on Saturday [20 March] to impose emergency rule by decree, Khasbulatov claimed.

"The country is facing a threat of returning to neo-totalitarian rule, disintegration and dictatorship," he said in his opening speech.

He described Yeltsin's decision as illegal and "a step towards brutal confrontation".

Khasbulatov called strongly on the deputies to cancel all "anti-constitutional acts".

The chairman of Russia's Constitutional Court, Valery Zorkin, said at the parliament session that the court would formally consider whether the president's declaration of "special rule" violates the Constitution. He said the court took the decision early in the day.

Several deputies applauded the announcement. A ruling by the Constitutional Court is necessary to start impeachment proceedings against the president.

Thousands of Russians took to the streets during the day both for and against the president. The anti-Yeltsin demonstrators carried signs calling "Down with Yeltsin's dictatorship" and demanded that the president step down or be impeached.

Meanwhile, Security Minister Viktor Barannikov said at the parliament session that he would obey the Constitution.

"I declare as minister and on behalf of my staff, that the security bodies always acted, are acting and will act in strict accordance with the law and Constitution of Russia," he said.

Defense Minister Pavel Grachev warned that tension among the ranks was growing by the hour, especially in the Moscow region. But he also stressed that the armed forces remained under control.

"I inform you that for the moment the Army is still controllable...but the situation is becoming more tense by the hour," he told the deputies attending the emergency session of the parliament.

#### **Resolution on Yeltsin Decree**

OW2103194993 Beijing XINHUA in English 1745  
GMT 21 Mar 93

[Text] Moscow, March 21 (XINHUA)—The Russian parliament adopted a resolution on Sunday [21 March] calling on the Constitutional Court to rule on the legality of President Boris Yeltsin's decree announced on Saturday to impose "special rule", effectively rule by decree.

The resolution, earlier approved in principle at an emergency session of the parliament, also asked the prosecutor-general to investigate the legality of the activities of presidential advisers involved in drawing up the decree.

The resolution was passed with 125 votes in favour, 16 against and four abstained.

#### **Emergency Session Ends**

OW2103194893 Beijing XINHUA in English 1746  
GMT 21 Mar 93

[Text] Moscow, March 21, (XINHUA)—The Russian parliament ended a four-hour emergency session here today, criticising President Boris Yeltsin's decision to rule the country by decree.

Deputies passed a resolution criticising Yeltsin's move and asking the Constitutional Court to rule on the legality of Yeltsin's decree. They also criticised Western support for Yeltsin.

Chairman Ruslan Khasbulatov said in closing the session at 1700 GMT that parliament would return to normal business on Monday [22 March].

#### **Premier Rules Out Using Force**

OW2103195093 Beijing XINHUA in English 1834  
GMT 21 Mar 93

[Text] Moscow, March 21 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin promised here today that the government would not use force for maintaining law and the legal system in the country.

The prime minister made the pledge at an emergency session of the parliament, which just ended with a

resolution against President Boris Yeltsin for his decision announced on Saturday [20 March] to impose "special rule", effectively rule by decree.

Although the political situation in the country is extremely complicated, the government would not resort to force to maintain law and the legal system, Chernomyrdin said.

He said he believed that the state institutions are powerful enough to prevent political confrontation.

He also appealed to every republic of the Russian Federation, their leaders, every political party and social faction to exercise restraint and remain calm so as not to make the country run into anarchy and disorder, and to prevent political confrontation.

Commenting on Yeltsin's announcement of his "special rule" decree on television Saturday night, the prime minister said the president has the right to make any declaration. But it is another matter whether the contents of the declaration conform with the Constitution and that should be left to evaluation by experts.

This was Chernomyrdin's first public comment on Yeltsin's "special rule" decision after his return from a visit to Uzbekistan Saturday night.

#### **Constitutional Court Leader Addresses Parliament**

*OW2103225393 Beijing XINHUA in English 2229  
GMT 21 Mar 93*

[Text] Moscow, March 21 (XINHUA)—Russia's power crisis was deepened by Sunday's [21 March] Russian parliament emergency session, which asked Russian Constitutional Court to investigate the constitutional acceptability of Yeltsin's "special rule" decree he declared on Saturday.

Valery Zorkin, the president of the Constitutional Court who attended the session, said he accepted the request and had issued a subpoena demanding Yeltsin and most of his government members to attend a hearing.

Altogether 140 members of the parliament attended today's 4-hour session, held after Yeltsin called for a national confidence vote five weeks later. During the five weeks from now on, he will have a special presidential power to rule the country.

Ruslan Khasbulatov, the chairman of the parliament, cut short a visit to other C.I.S. countries to preside today's session, which was attended and also offered panel Defence Minister Pavel Grachev and Interior Minister Viktor Yerin, who are Yeltsin supporters.

In the bitter debate, many deputies described Yeltsin's decree as being "anti-constitutional" and making up a "coup d'etat". Some said Russia's power crisis is so grave that the country's state security and unity is being jeopardized.

The parliament made it an obligation for the government institutions of all levels around the country to keep the law and social, economic order and secure the civil rights of the people.

The session also adopted a letter of appeal to the parliament and government all the countries around the world, calling on them not to take any action that will threaten Russia's democratic process.

It expressed regret over the support being given by some Western countries to Yeltsin, and warned against any attempt to "intefere into Russia's internal affairs."

#### **Accuses Yeltsin of Staging Coup**

*OW2103211693 Beijing XINHUA in English 2039  
GMT 21 Mar 93*

[Text] Moscow, March 21 (XINHUA)—Valery Zorkin, the leader of the Russian Constitutional Court, has decided to launch an investigation into whether Saturday's [20 March] declaration of "special rule" by President Boris Yeltsin is constitutionally acceptable.

At an emergency session of the parliament, Zorkin accused Yeltsin of staging a coup d'etat by imposing the five-week "special rule" on Saturday.

He said the Constitutional Court has already subpoenaed Yeltsin, the Vice-President Aleksandr Rutskoy, the Prime Minister Viktor Chernomyrdin, Defence Minister Pavel Grachev, Security Minister Viktor Baranikov, Interior Minister Viktor Yerin and Deputy Prime Minister Sergey Shakhrai to a hearing in court.

He said that as early as last year, the Constitutional Court had predicted such a crisis, which he said was brought to a climax last December by the "entourage" around Yeltsin at the seventh session of parliament. These close aides have been trying to create a face-to-face conflict between the government and legislature, he said.

Zorkin said the Constitutional Court has the obligation to keep the balance of power between the government and the legislature, as well as to defend the Constitution.

He also urged Yeltsin to make a clear analysis of the current situation, so that he can find a "harmonious way to lead Russia away from a possible disaster."

#### **Russian Government Expresses Support for Yeltsin**

*OW2103151593 Beijing XINHUA in English 1346  
GMT 21 Mar 93*

[Text] Moscow, March 21 (XINHUA)—The Russian Government on Sunday [21 March] unanimously adopted a resolution supporting President Boris Yeltsin's declaration to impose special rule by decree until a constitutional referendum was held on April 25 to decide who runs Russia, a government spokesman said.



Gennadiy Bukvalov, the press secretary of First Deputy Prime Minister Vladimir Shumeyko, was speaking at a press conference at the end of a cabinet meeting.

The meeting was convened at 2:30 p.m. (11:30 GMT) Sunday shortly before the Supreme Soviet (parliament) were to hold an emergency session to discuss Yeltsin's decision.

Earlier during the cabinet meeting, security forces distributed firearms for self-protection to members of the Russian Government, a government press spokeswoman said.

The spokeswoman said the arms were handed out "in case it was necessary" for the ministers to use them.

The parliament was expected to call for an emergency session of the fullscale legislature, the Congress of People's Deputies later this week.

On Saturday, other senior officials including Vice-President Aleksandr Rutskoy, chief justice of the Constitutional Court Valeriy Zorkin and Prosecutor General Valentin Stepankov opposed Yeltsin's move.

#### **'Fully Backs' Yeltsin**

OW2103211993 Beijing XINHUA in English 2105  
GMT 21 Mar 93

[Text] Moscow, March 21 (XINHUA)—The Russian Government said today it fully backs the decision of President Boris Yeltsin's five-week "special rule."

The ITAR-TASS NEWS AGENCY quoted a declaration by the Cabinet as saying that Yeltsin's decision is "an effort aimed at avoiding chaos and political confrontation, keeping the unity and integrity of the Russian Federation as well as the national harmony."

It said Yeltsin has the power to organize a referendum to let the people show how much confidence they have in their president. It also appealed to the parliament to give way for the holding of such a referendum.

It also said that the defense minister, interior minister and security minister will be loyal to the Constitution and guarantee social order. They will also prevent any possible involvement of the military into the political confrontation, it said.

The government also said it will take all necessary measures to keep the normal running of the national economy, the monetary system, communications, transportation, and the post.

It also asked the government leaders of all federal republics, frontier regions and prefectures, autonomous regions and the cities of Moscow and St. Petersburg, as well as all the citizens of the country, to exercise restraint and keep calm to show their determination to continue the economic and political reform.

#### **Russians Protest, Support Yeltsin Decree**

OW2103151493 Beijing XINHUA in English 1416  
GMT 21 Mar 93

[Text] Moscow, March 21 (XINHUA)—Several thousand Russians took to the streets here today to demonstrate for or against President Boris Yeltsin after his declaration of emergency rule and a final showdown loomed between him and parliament.

Over 2,000 anti-Yeltsin protesters waved Soviet flags and sang revolutionary songs outside the Kremlin while a similar number of Yeltsin supporters gathered outside the city hall some 1.5 kilometers away. Speakers there with megaphones declared that it was to protect his free market reforms that Yeltsin had been forced to take his extraordinary measures.

Yeltsin's chief political rival, parliament Chairman Ruslan Khasbulatov, arrived back in Moscow from the former Soviet republic of Kazakhstan to preside over an emergency session of the Supreme Soviet at 1500 GMT.

Yeltsin's cabinet of ministers was also called into an emergency meeting at 1130 GMT. They unanimously adopted a resolution supporting Yeltsin's decision, according to a government spokesman.

Yeltsin appeared on nationwide television on Saturday [20 March], declaring emergency rule until he could hold a referendum on April 25 to decide who rules the country.

Top Soviet leaders denounced the declaration. They include Vice President Aleksandr Rutskoy, leaders of Congress, and the head of the Constitutional Court.

But, Yeltsin won immediate backing from some foreign countries, including the United States, France, Britain and Japan.

#### **Report on Worldwide Reaction to Russian Situation**

OW2103164893 Beijing XINHUA in English 1605  
GMT 21 Mar 93

[Text] Beijing, March 21 (XINHUA)—As the Russian parliament confronts President Boris Yeltsin and thousands of his supporters and opponents parade the streets of Moscow, world reaction remains mixed, but comes down mostly in the president's favour.

United States President Bill Clinton expressed immediate backing on Saturday [20 March] when Yeltsin announced in a TV broadcast emergency rule by decree, thus intensifying the power crisis in the country.

"As Russia's only democratically elected national leader, he has our support as do his reform government and all reformers throughout the Russian Federation," Clinton said in a statement issued in Washington.

Japan today reaffirmed its support. The Japanese Government has consistently supported president Yeltsin's program of political, economic and diplomatic reforms and strongly hopes that they will be continued," the Foreign Ministry said in a statement.

Japan would consult with the other Group of Seven [G-7] industrialized countries on how to support Yeltsin's efforts to move Russia toward a market-based country, the Foreign Ministry added.

Georgian leader Eduard Shevardnadze today called off his war of words with Russia and threw his support behind Yeltsin.

"If Russia continues along the path chosen by Yeltsin, it will avoid a civil war," he said.

Swedish Prime Minister Carl Bildt said he regretted Yeltsin's imposition of emergency rule, but added if he succeeded "in the gamble," he would strengthen democracy in the country.

Canadian Prime Minister Brian Mulroney stressed, in a statement released in Ottawa, that his country supported Yeltsin's decision to let Russians exercise the right to choose their own future.

French Foreign Minister Roland Dumas said today after he had voted in his constituency in Perigueux during the election for the French Assembly, that a special G-7 summit on aid for Russia should take place immediately.

Dumas said France was not surprised by Yeltsin's "special rule" because he had told Mitterrand of his plans last Tuesday during the the French president's Moscow visit.

German Government spokesman Dieter Vogel expressed its understanding for Yeltsin's declaration of emergency rule.

Vogel said the German Government believed that the emergency rule would be temporary, the citizens' basic rights and freedoms would not be affected, and a re-election would be held very soon.

In a communique issued in Rome, the Italian Foreign Ministry more cautiously expressed the hope that the decision would not put Russia in a more difficult position.

#### **Kozyrev: Foreign Support Important, Not Decisive**

*OW2103203093 Beijing XINHUA in English 1947  
GMT 21 Mar 93*

[Text] Moscow, March 21 (XINHUA)—The Russian Foreign Minister Andrey Kozyrev said today that foreign support for President Boris Yeltsin is important, but not decisive.

In an interview with Russian and Western journalists, Kozyrev said the current confrontation between Yeltsin and the parliament is an internal affair of Russia, and no foreigner can solve Russia's problem for Russia.

He said Yeltsin is the "guarantor" for the building of a legal state and developing democracy and freedom in Russia, and he is now strictly following the line of the Constitution and the law.

Yeltsin declared a five-week "special rule" decree on Saturday [20 March] in preparation for a national referendum to settle the political dispute between him and the parliament. The parliament has claimed the act as illegal.

Most Western countries have expressed support for Yeltsin.

Kozyrev also said he is confident that Russia will not slide back to the situation before August 19, 1991, the date an abortive coup attempt was made by some former Soviet leaders.

Russia has turned into a "democracy" since then and the Russian people will support the stand of Yeltsin, said Kozyrev.

But he also said that Russia still faces two choices: moving towards dictatorship or holding on to the law.

Any step towards dictatorship will bring the country into chaos and into inner strifes, he said.

#### **Ukraine Maintains Neutrality on Russian 'Crisis'**

*OW2103215193 Beijing XINHUA in English 2130  
GMT 21 Mar 93*

[Text] Kiev, March 21 (XINHUA)—Ukraine has kept strict neutrality in the current political crisis in Russia, triggered by Saturday's [20 March] declaration of Russian President Boris Yeltsin to stage a five-week "special rule."

The Ukrainian President Leonid Kravchuk said in a statement, which was released by the Ukrainian news agency, that he and the Ukrainian people are worried about the confrontation between Yeltsin and the Russian parliament and the Constitutional Court.

"Without a national coordination, it is impossible to keep the reform going...the confrontation between different chains of power in any country should not block the process of democratic reform and should not lead to a tragic conclusion," said Kravchuk.

He called on both sides of the conflict to give up confrontation as a way to solve problems, and said he does not agree to the way both President Yeltsin and the Russian parliament have adopted to "eliminate the power function of each other without consulting with the people."

## **Eighth National People's Congress**

### **Article Views Top-Level Personnel Arrangements**

*HK1903032093 Hong Kong KUANG CHIAO CHING  
in Chinese No 3, 16 Mar 93 pp 6-9*

[Article by Wu Fu-tang (0124 4395 1016): "Jiang Zemin Holds Six Key Posts, and Ba Zhongtan Is Being Transferred to Beijing To Command China's Armed Police Forces"]

#### **[Text] Personnel Arrangements for Top-Level CPC Government Posts**

When China's National People's Congress [NPC] and Chinese People's Political Consultative Conference [CPPCC] held separate sessions in Beijing in mid-March, top-level personnel arrangements had already been decided upon:

**Jiang Zemin** will be appointed state president;  
**Li Peng** will be reappointed State Council premier;  
**Qiao Shi** will be appointed NPC Standing Committee chairman;  
**Li Ruihuan** will be appointed CPPCC chairman;  
**Zhu Rongji** will be appointed State Council first vice premier;  
**Qian Qichen, Li Lanqing**, and others will be appointed vice premiers.

#### **Jiang Zemin Concurrently Holds Six Key Posts**

Jiang Zemin (1926- ) is 67 years old this year and currently holds such key posts as general secretary, Political Bureau Standing Committee member, state president, Central Military Commission chairman, state military commission chairman, central financial and economic group director, among others. Jiang is also in charge of overall Taiwan affairs work as well as political and legal affairs work. Thus he plays an important and authoritative role in day-to-day party, government, and military operations.

#### **Jiang Zemin Criticizes Certain Provincial Party Committee Secretaries and Provincial Governors and Calls For Fully Relaying the State Council Spirit to Lower Levels**

In an era of reform and opening up, as everyone is displaying his or her prowess, various localities and enterprises are also trying to secure more powers and interests from the central authorities. As a result, it seems that the central authorities have been weakened in both authority and financial strength. Jiang Zemin has no doubt paid great attention to this tendency. In his capacity as CPC Central Committee general secretary, he will certainly try to strengthen his leadership over the work of various localities and departments, especially his command of the armed forces, provincial party committee secretaries, and provincial governors. Recently, he sharply pointed out: "After the 14th CPC National Congress, the central authorities called a notification

meeting attended by provincial party committee secretaries and provincial governors. In relaying the meeting's spirit, however, certain localities have relayed only those policies they like, omitting those they do not like. This is a problem and an extremely incorrect practice. It should be made clear to the various localities that they must fully relay the spirit of the CPC Central Committee and the State Council to the lower levels."

Jiang Zemin's remarks have brought to light a growing slackness among certain localities that are unwilling to obey orders. Jiang's determination to strengthen leadership and centralize power has also demonstrated the central authorities' determination to devote more energy to resolving regional problems.

#### **What Does Li Peng's Reappointment Suggest?**

Li Peng (1928- ) is 64 years old this year. The fact that he has been reappointed State Council premier shows that the CPC hierarchy has affirmed the work he has done in his capacity as premier over the past five years and attests to the hierarchy's determination to maintain political stability and policy continuity.

In accordance with the Constitution, Li Peng is unlikely to be reappointed premier after his second term of office (1993-1998) expires. By then, he will have reached the age of 70, will have become a veteran, and will retire to the second line.

#### **Qian Qichen Is in Charge of Foreign Affairs, Li Lanqing Is in Charge of Finance and Trade**

Of the five Chinese vice premiers, **Yao Yilin, Tian Jiyun, and Wu Xueqian** will relinquish their posts. Tian Jiyun and Wu Xueqian will be transferred to the NPC or CPPCC, and **Zhu Rongji** will be appointed State Council executive vice premier to assist Li Peng in the overall State Council work. **Qian Qichen** and **Li Lanqing** will be promoted new vice premiers.

Qian Qichen has been regarded as the most competent CPC foreign minister, known for his boldness, resolution, and achievements in recent years. After succeeding Wu Xueqian as vice premier, Qian will take charge of foreign affairs work. Within the CPC, as a political bureau member, Qian will become central foreign affairs group deputy director and is expected to play an increasingly important role in formulating arrangements for the transfer of sovereignty over Hong Kong during the second half of the transitional period, in conducting the CPC's Taiwan affairs work, and in countering Li Teng-hui's "One China, One Taiwan," "Flexible Diplomacy," and "Money Diplomacy" policies.

After being appointed vice premier, Li Lanqing will succeed Zhu Rongji as State Economic and Trade Commission chairman, will take charge of industrial, communications, trade, and some other departments, and is expected to play an important role in China's economic takeoff over the next few years.



### **Jiang Zemin Is To Be Consulted on Major Political and Legislative Affairs**

Qiao Shi (1924-) is 69 years old this year. He is currently a CPC Central Committee Political Bureau Standing Committee member, the Central Party School president, and the new NPC Standing Committee chairman. Not long ago, he resigned from two key posts he held for a long time, CPC Central Committee Secretariat member and CPC Central Committee Discipline Inspection Commission secretary. He has also been replaced by Ren Jianxin, a newly elected CPC Central Committee Secretariat member, as Central Political and Legal Affairs Commission secretary. Qiao Shi told those working in the political and legal affairs departments that it is necessary to institute a responsibility system in day-to-day political and legal affairs work in the future. Those concerned should, however, consult Jiang Zemin on both key issues and problems that are impossible to resolve. Whenever necessary, Jiang Zemin will call a political bureau standing committee meeting to discuss relevant issues. The group headed by Ren Jianxin will take charge of day-to-day work in this area.

### **Jiang Zemin Selects and Promotes Ba Zhongtan as Commander of China's Armed Police Forces and Confers the Rank of Lieutenant General on Him**

On the eve of the Lunar New Year Festival, Jiang Zemin transferred to Beijing Major General Ba Zhongtan, former Shanghai Garrison commander and one of his comrades-in-arms from his tenure of office in Shanghai. Jiang appointed Ba Zhongtan as commander of China's armed police forces and conferred the rank of lieutenant general on him. Before this, Ba Zhongtan, a retired officer, had been a member of the Shanghai Municipal People's Congress Standing Committee. Now Ba has put on his uniform once again and has taken charge of China's armed police force work. Ba has also been elected a deputy to the Eighth NPC deputy. His latest appointment is believed to be a boost for Jiang Zemin's leadership over China's security, public security, as well as political and legal affairs work.

### **Qiao Shi Is To Play an Important Role in Legislative Work**

In accordance with the CPC plan for structural reform, people's congresses at all levels throughout China and their standing committees will further perfect functions, step up legislative work, and enhance supervision and containment work in accordance with the law.

As the NPC is a component of China's supreme power structure, Qiao Shi, the newly elected NPC Standing Committee chairman, is expected to play an important role in both legislative and foreign affairs work.

### **Li Ruihuan Takes Charge of CPPCC Work**

The CPPCC National Committee chairmanship has always been a highly respectable and prestigious post within China's power structure. The post had previously

been held by such influential CPC leaders as Zhou Enlai, Deng Xiaoping, Deng Yingchao, and Li Xiannian. Li Ruihuan, a 58-year-old Political Bureau Standing Committee member, has now been appointed CPPCC National Committee chairman and is expected to take charge of the important united front work, including domestically oriented, Hong Kong-oriented, and Taiwan-oriented united front work.

### **Ye Xuanping Takes Charge of Day-to-Day CPPCC National Committee Work**

It has also been learned that the new CPPCC National Committee vice chairmen will be: Ye Xuanping, Wu Xueqian, Wang Zhaoguo, Yang Rudai, Henry Fok Ying-tung, Ma Man-kei, and others.

Ye Xuanping, son of the late Ye Jianying, CPC Central Committee member and former Guangdong governor, is 69 years old this year. He will succeed the late Wang Renzhong and will be reappointed CPPCC National Committee vice chairman. He is expected to take charge of the day-to-day CPPCC National Committee work. Ye Xuanping is an open-minded person, a Guangdong native, and has many friends in Hong Kong, Macao, and Taiwan as well as in foreign countries and throughout the Divine Land. As he is widely respected, Ye Xuanping is regarded as the ideal choice to be in charge of day-to-day CPPCC National Committee work.

After resigning as Political Bureau member and State Council vice premier, Wu Xueqian, who is 72 years old, has been appointed CPPCC National Committee vice chairman and is expected to play a crucial role in foreign affairs and Taiwan-oriented united front work. Over the past few years, Wu Xueqian has been CPC Central Committee Taiwan Affairs Group deputy director. He had been involved in formulating many of the CPC's important Taiwan-oriented policies, principles, plans, and arrangements. In the future, the CPPCC will certainly make use of his experiences in this area to step up Taiwan affairs work in light of the turbulent political situation in Taiwan and the bilateral exchanges between the two shores of the Taiwan Strait.

### **What Does the Appointment of Henry Fok Ying-tung and Ma Man-kei as CPPCC National Committee Vice Chairmen Suggest?**

Henry Fok Ying-tung and Ma Man-kei are business tycoons in Hong Kong and Macao and leaders of Hong Kong and Macao business communities respectively. Both men have all along maintained close ties with the CPC. The fact that the two have been elected CPPCC National Committee vice chairmen, thereby joining the ranks of the China's party and state leaders, in such a great era—during which Hong Kong and Macao are to revert to China in 1997 and 1999 respectively—is, without a doubt, of great significance. Their appointments show that the CPC government has attached great importance to the future of Hong Kong and Macao.

Zhou Nan, director of XINHUA's Hong Kong Branch, has said: With 1997 approaching with every passing day, the central authorities have become more concerned with the changes taking place in Hong Kong and have attached greater importance to the roles played by Hong Kong-based NPC deputies and CPPCC members. As their term of office will straddle 1997, both the Eighth NPC deputies and the Eighth CPPCC National Committee members will shoulder heavy responsibilities and are expected to accomplish a great deal in such areas as smoothing communications between Hong Kong and the hinterland, maintaining prosperity and stability in the transitional period, securing comprehensive convergence with the Basic Law, and ensuring a smooth transition in 1997.

**Hong Kong Deputies Are Entrusted With Heavy Responsibilities and Are Becoming Younger in Average Age**

The number of Hong Kong-based Eighth NPC deputies has risen from 18 at the Seventh NPC to 28, with their average age falling from 61.4 to 57.4. The number of Hong Kong-based CPPCC National Committee members has risen from 57 on the Seventh CPPCC National Committee to 79, with their average age falling from 71.4 to 59.9. The deputies and members have become younger in average age and now have a higher educational standard and more extensive representation than in the past. Many of them are expected to play an active role during the second half of Hong Kong's transitional period.

**CPC Makes a Whole Set of Preparations and Plans for the Second Half of Hong Kong's Transitional Period**

New changes had been brewing in the Sino-British talks before the NPC session was convened: Britain disclosed its willingness to hold talks on the basis of the three conformities (conformity with the Sino-British "Joint Declaration," conformity with the "Basic Law," and conformity with the letters exchanged between the Chinese Government and the British Government and with the Sino-British Memorandum of Understanding). We are only four years away from the transfer of sovereignty that is due to take effect in 1997. In order to ensure a smooth transition, it is necessary to ensure a smooth convergence. It still remains unknown whether the Sino-British talks will be held without a hitch, whether an agreement will be reached through harmonious and smooth consultations once the talks start, whether the British side will abide by and implement an agreement once it is reached in the four remaining years, and whether certain side issues or new problems will crop up unexpectedly during this period. When one takes precautions, there is no danger. During the last few years of the transitional period, it is necessary to accumulate qualified personnel and prepare for all sorts of possibilities. On the other hand, it is necessary to push ahead with the economic development of South China in light of the

future development of the Hong Kong Special Administrative Region. It seems that China's hierarchy has already made a whole set of preparations and plans to this end.

**Deng Xiaoping Calls for Seizing Opportunities**

Deng Xiaoping recently stated: The third generation of the CPC collective leadership headed by Jiang Zemin has done a good job and can be trusted.

Deng Xiaoping has called for seizing the current excellent opportunity and warned against missing any opportunities. He cautioned: Insofar as China is concerned, there are not many opportunities for large-scale development.

It is necessary to make good use of and proper arrangements for a huge influx of overseas Chinese capital and Taiwan, Hong Kong, and Macao capital.

It is necessary to push ahead with reform and opening up and speed up development in a steady and assured way and try to prevent losses, especially major losses. It does not matter if we suffer some minor losses, however. What we should do is simply look back, sum up experiences, and correct mistakes.

Last year, China's economy grew by 12.8 percent, a growth rate much higher than that of various economic powers in the world. China's development achievements and huge market potential have already attracted the attention of the entire world. Not long ago, the CPC Central Committee convened its second plenary session, which discussed top-level personnel arrangements for the Chinese Government, Li Peng's "Government Work Report," and a constitutional amendment. It was learned that, over the next few years, while guarding against an overheated economy and successfully furthering reform, China will raise its annual economic growth rate to 8-9 percent, seek a faster pace of development, and strive to "quadruple the gross national product," a goal previously set for 2000, at an earlier date. The hierarchy in Beijing recently stated with full confidence: We will certainly be able to attain the "comfortably well-off standard of living" goal ahead of schedule.

**Guizhou Secretary on Development, Expansion**

*HK1903145093 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 15 Mar 93*

[Excerpts] Liu Zhengwei, Guizhou Provincial CPC secretary, chairman of the provincial people's congress Standing Committee, and head of the Guizhou people's deputy delegation, was interviewed where he was staying on 14 March by reporters from XINHUA News Agency, Beijing Central People's Radio Network, China Radio International, GUIZHOU RIBAO, Guizhou People's Radio Network, and Guizhou Television Station. During the interview, he talked glowingly about Guizhou's ideas and tentative plan for economic development, and expansion of opening up to the outside world.

With full confidence, Liu Zhengwei said: Thanks to the efforts made by people of the whole province, we can definitely fulfill the target of quadrupling Guizhou's economy ahead of schedule. He added: To expand opening up, we must foster a concept on opening up to the outside world. We must emancipate our minds, and seek truth from facts as well. We must take forceful measures to overcome our weak points, and promote our progress in a down-to-earth manner. As far as Guizhou is concerned, to expand opening up, our first, second, and third priority must all be given to transportation. During the period of the Eighth Five-Year Plan and the Ninth Five-Year Plan, Guizhou must regard transportation and telecommunication projects as its formidable tasks. [passage omitted]

In the course of attaining the target of establishing a socialist market economy, we must vigorously grasp the development of commodity market. In township and towns, we will set up a great number of fairly large elementary markets which can become collecting and distributing centers of local commodities. In the meantime, we will set up several large-scale specialized wholesale commodity markets in the whole province to promote the development of local famous-brand and special products such as famous-brand cigarettes, and wine. In prefectures, autonomous prefectures and cities, we will set up comprehensive wholesale markets for means of production, whereas in various counties we will set up comprehensive markets for materials and goods, and well-arranged and closely-coordinated commodity marketing networks which can link key points with all areas. [passage omitted]

Liu Zhengwei pointed out with deep feeling: In July 1987, when I was transferred from Henan to work in Guizhou, I first read a report on our beloved late Premier Zhou's earnest expectations and great trust for Guizhou people. Premier Zhou said: Mountains and rivers in Guizhou are beautiful, and its weather is delightful. It is also rich in natural resources. People here are diligent. Under the leadership of the CPC, as long as people of various nationalities in Guizhou unite as one, and work hard, the province can definitely catch up from behind and surpass the advanced, and stand a very good chance of success. Over the past five years, I have regarded Premier Zhou's teaching as a motto which encourages me to forge ahead. I firmly believe that, thanks to the efforts made by people of various nationalities for several generations, Guizhou can definitely catch up from behind and surpass the advanced.

#### **Sichuan Governor on Province's Development**

HK1903143693 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 16 Mar 93

[Excerpt] During the eighth NPC session yesterday, a dozen or more media units from Beijing interviewed Governor Xiao Yang. Xi Yifang, provincial CPC committee propaganda department head, participated in the discussion meeting with the reporters. Xiao Yang said:

The question of how a big agrarian province with a population of 110 million quickens economic development is a big strategy. We must proceed from Sichuan's actual conditions, pay attention to the important points, and establish superior industries. In eastern Sichuan, we must establish three pillar industries. The first is the metallurgical industry, including the ferrous metal and nonferrous metal industries which have already been formed. The second is the engineering industry, including automobiles and motorcycles. The third is the chemical industry and the developing petrochemical industry. Western Sichuan's electronics industry has a good foundation. For the existing electronics industry to play a bigger role, it is necessary to mainly develop the metallurgical industry in southern Sichuan. If these superior industries have been well developed, it is possible for Sichuan's economy to scale a new height in a down-to-earth manner in several years.

Communications is currently a major limitation to Sichuan's economic development. The development of existing communications cannot catch up with economic development. It is necessary to attach importance to communications as the key link. The construction of the Baoji-Chengdu railway has started, and the reconstruction of the Xiangfan-Chengdu railway and the Chengdu-Kunming railway are being stepped up. Moreover, we must make use of Sichuan's advantages and bring into play the role of its sea routes. Only when we improve sea routes can 300-tonne ships sail from Chongqing to Leshan. If the Jialing Jiang is opened up, 500-tonne ships can sail up to Guangyuan.

In addition to sea routes, we must also quicken the construction of highways. On the eve of the session, we have already decided on the reconstruction of the Sichuan-Shaanxi railway, which will be started this year. We must also build a high-grade highway from Jiangyou to Leshan. The Chongqing-Chengdu high-grade highway will be opened to traffic next year. Chongqing is planning to build a highway from Chongqing to Guiyang. In this way, we can form a network of highways radiating in all directions.

The most important thing for starting the construction is funds. To raise funds, it is necessary to rely on opening up, or rather to attract funds from the outside world. To improve highway management and reform is to develop commercial highways. Our guiding thought is using reform and opening up to promote development and proceeding with reform and opening amid development, and seizing the opportunity to enable Sichuan's economy to scale a new height as soon as possible. [passage omitted]

#### **'Excerpts' of Deputies' Speeches at NPC**

OW1903184293 Beijing XINHUA Domestic Service in Chinese 1105 GMT 17 Mar 93

[Text] Beijing, 17 Mar (XINHUA)—Seize the Opportunity To Step Up Development



Fujian deputy Chen Guangyi: Premier Li Peng's report fully reflects the integration of emancipating the mind and seeking truth from facts. The report has five distinct characteristics: First, it fully affirms the great achievements of the last five years and profoundly summarizes our basic experience. Therefore, it is of great significance to enabling us to recognize the current situation. Second, it implements in an all-round way Comrade Xiaoping's important talks and the guidelines of the 14th National Party Congress by stressing the strategic plan of seizing the opportunity to speed up development and bring about a new stage in the development of our national economy. Third, it clearly defines the goal of reform—to speed up the building of a socialist market economy—and proposes to make a breakthrough in six areas of reform in the next five years. Fourth, it stresses the need to carry out reform of the administrative structure and government organizations and demands the basic accomplishment of the task of reforming government organizations at all levels in five years, focusing on the central link of changing government functions. Fifth, it upholds vigorous efforts to promote the sacred mission of peaceful reunification of the motherland, calling for steadfastly striving for early reunification of the motherland in accordance with the principle of "peaceful reunification and one country, two systems."

Hunan deputy Chen Bangzhu: The most important thing for the present and the entire decade is to seize the opportunity to develop faster and more soundly. To lose this opportunity will be the biggest mistake. Both the present and the 1990's offer the best opportunity for rapid development. This is because of the following: 1) We have correct theoretical guidance, line, and direction, and our goal is clearly defined. 2) We are following the wishes of the people across the country, who strongly demand development. 3) We have accumulated experience in reform and opening up over the last 14 years and have laid a good foundation for the establishment of a socialist market economy. 4) We have the material foundation built over the last several decades. 5) Hunan is favorably located. It serves as the interior for the coastal areas and a forward position for the hinterland. In addition, with a capable population and rich natural resources, it has great development potential. 6) We have an international environment conducive to development. Although there are great difficulties on our path forward, we can certainly overcome them and achieve prosperity if we steadfastly implement the party's basic line and the guidelines of the 14th National Party Congress, deepen reforms, and open up wider to the outside world.

Xinjiang deputy Song Hanliang: Xinjiang has abundant resources and enormous development potential. On top of this, it has been blessed with three great opportunities since the Seventh Five-Year Plan, especially in the past two years. First, the state has implemented the strategy of opening up the frontier, thus transforming Xinjiang from an inland region into the forefront of reform and opening up. Second, as a result of the state's shifting the

focus of prospecting and developing petroleum to the west, Xinjiang has become a key region for developing petroleum. Third, the accelerating development of transportation, communications, and other infrastructural facilities—symbolized by the completion of the Euro-Asian Continental Bridge and the construction of multiple tracks on the Lanzhou-Xinjiang Railway—will surely lay a solid foundation for Xinjiang's economic development. Xinjiang's economy will no doubt further develop, so long as we take advantage of the current session, proceed from Xinjiang's realities in step by step tackling the five issues outlined by Premier Li Peng in his report, and utilize the three great opportunities in earnestly emancipating minds, changing mind-sets, and increasing the intensity of reform, thereby continually infusing new vitality into Xinjiang's economy.

Jiangsu deputy Shen Daren: What people have learned most from Premier Li Peng's report is that we should "seize the opportunity to accelerate development." We should fully utilize various advantages; and, guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, uphold the unity between emancipating minds and seeking of truth from facts, correctly handle the relations between speed and efficiency, and adopt effective measures to speed up economic development on the basis of optimized structure, improved management, and better efficiency. Meanwhile, we should be realistic, and guard against setting a "unified" growth rate and competing with one another in the pursuit of superficial growth rates. At present, efforts should be concentrated on the following five areas: 1) We should strengthen the position of agriculture as the foundation, fostering the concept of a large-scale agriculture, actively advancing rural reforms, increasing agricultural input, effectively readjusting the structure, and lightening peasants' burden. 2) We should go all out to develop an export-oriented economy, explore diversified international markets, expand exports to increase foreign exchange earnings, and help foreign-funded enterprises expand operational scales and turn out quality products. 3) We should quicken the pace of constructing infrastructure, and strive to bring about a marked improvement in transportation, electric power supply, postal and telecommunication services, and urban infrastructure. 4) We should boldly develop tertiary industries, encouraging the state, collective, individual, and private sectors of the economy to develop such undertakings, and paying particular attention to developing tertiary industries utilizing intellectual resources and science and technology. 5) We should energetically promote scientific and technological progress and accelerate the pace of commercializing high and new technologies.

#### **Attach Great Importance to Agriculture, Strengthen the Position of Agriculture as the Foundation of National Economy**

Jilin deputy He Zhukang: Premier Li Peng's report has stressed the need to further strengthen the position of agriculture as the foundation of national economy and to

energetically reinforce and develop agriculture. This is an entirely correct idea. In tackling problems related to agriculture, it is of crucial importance to actively readjust agriculture pattern and, while maintaining stable growth of grain output, effectively develop high-yield, fine-quality, and highly efficient agriculture and promote an all-around development of the rural economy. Needless to say, we will depend on markets in developing grain production in the future. However, as grain is an extremely important and special commodity, grain production should not be entirely dependent on market regulation, especially in the absence of fair conditions for market competition at present. Competing with other production sectors without the precondition of state protection, grain producers will surely be in a disadvantageous position. Therefore, it is necessary to adopt special policies toward grain production in order to protect peasants' initiative and prevent a decline in production.

Sichuan deputy Yang Xizong: Agriculture carries a considerable weight in Premier Li Peng's report. I totally agree with him in giving top priority to agriculture. While noticing major achievements in agricultural production and rural work, we should also recognize new problems cropping up in agriculture production, such as: 1) increased difficulty in further promoting production as it has reached a certain level of development; 2) remaining peasants' problems in buying and selling grain; 3) widening price disparity between farm and industrial products; 4) heavy burden on peasants due to overestimation of the level of their prosperity; and 5) lack of market demand for certain farm products. These problems should be resolved. In my opinion, we should start with the following steps: 1) we should reassess the position of agricultural production and rural work; under no circumstance should agriculture be neglected; 2) we should continue to carry out capital construction in agriculture for constantly building up the overall production capacity of agriculture; 3) we should gear agricultural production to market demands and change the outdated planning mode of production; 4) we should perfect agricultural service systems for bringing along and promoting the development of the second industry; and 5) we should make resolute efforts to lessen apportionments on peasants for continually increasing their income.

Hubei deputy Jia Zhijie: The report should prioritize agriculture in more explicit terms. In the final analysis, the problem of agriculture is one that deals with the harnessing of production enthusiasm of peasants and grain-producing areas. While peasants produce more grains and make greater contributions, they have to shoulder a heavier burden. I suggest that both central and local governments make a determined effort as soon as possible to solve this problem once and for all.

Sichuan deputy Wang Ao: Excessive apportionments on peasants merit our keen attention. According to a survey in Sichuan's rural areas, the per capita annual share of peasants' apportionments comes between 70 and 90

yuan, or between 100 and 200 yuan in some townships and villages, constituting as high as 12.7 percent of peasants' net income. Peasants and grass-roots cadres are very resentful of their heavy burden. This problem cannot be solved simply through issuing government documents and setting ceilings, and should be tackled by adopting comprehensive measures, such as: 1) stepping up publicity on laws and regulations related to apportionments on peasants; 2) introducing a new levying system of combining taxes with apportionments and getting rid of the system under which the state levies taxes and towns and villages collect apportionments; 3) resolutely rectifying some local governments' practice of deliberately ignoring or procrastinating in the handling of peasants' complaints; and 4) stepping up the investigation of violations of law and discipline by village and township cadres in pressing for apportionments.

Jiangsu deputy Han Peixin: The key to the nation's political, economic, and social stability lies in a stable agriculture. At present, the overall situation in agriculture and rural work is very good, and there exist great potentials and favorable conditions for development. Nonetheless, we are confronted with many problems and difficulties. In addition to those already discussed in the report, I would like to mention two points to which we should pay particular attention: First, in the process of shifting from a planned economy to a market economy, quite a few cadres and people at large are lagging behind in their thinking and concept. Lacking experience, they are confused and at a loss as to what to do under the condition of a market-oriented economy; they are anxious to know how to arrange agricultural and sideline production according to market demand. Second, it is a sound practice for village and town enterprises to orient their production to market demand, and to move to cities to open up business and cooperate with state-owned enterprises there. However, the operation of village and town enterprises should be based on, and serve, agriculture. This is an issue that we should study under the new situation. We should promptly identify and skillfully tackle new circumstances and problems in agriculture and rural work emerging under the condition of market-oriented economy, conduct in-depth investigative studies, and work out countermeasures to ensure further development of agriculture at a higher level.

Hubei deputy Xu Linmao: There are two points which are not fully covered in the Government Work Report. The first point is that the portion on agriculture is not enough, measures to solve the problem of peasants' heavy burden are inadequate, and methods are not strong enough. The second point is that the portion on village and town enterprises is also not quite enough. To help peasants become rich, the key is to develop village and town enterprises. The report has not sufficiently covered this portion. We should make deep-going investigation and study on the new situation and new problems in agricultural production and rural work and adopt policies and measures to insure that agriculture can be further developed to a new higher level.

**Questions Must Not Be Overlooked, Measures Must Be Implemented as Quickly as Possible**

Hunan deputy He Zhenlin: At present, we must attach great importance to three things in economic work: 1) Some monopolized enterprises are taking part in competition in the market, and so there is unfairness in market competition. 2) In some localities, government commerce has resurged. Party and government organizations must not operate commercial business with their power and turn their power into capital. 3) The role of banks should be performed in a proper manner. China is a socialist country, and so banks should follow policies in addition to doing business. The present problem is that the banks have given full play to their business nature and have overlooked the policy nature.

Shaanxi deputy Wang Shuangxi: Premier Li Peng's report has fully reflected the policies of carrying out reform, opening up to the outside world, ensuring stability, and further developing the economy, and has fully run through the ideological line of seeking truth from facts. The five basic experiences have fully embodied the party's basic line. Seizing the present favorable conditions, deepening reform, and concentrating our efforts to promote economic construction are the main line of the report. Giving prominence to changing the functions of the government and streamlining organizations are also key issues for tackling problems. However, the report also has some shortcomings: 1) Contradictions in promoting the national economy have not been fully exposed. For instance, the reinvigoration of state-owned large and medium sized enterprises is faced with difficulties, and the problems of hidden losses and liabilities being greater than assets are quite serious. 2) Contradictions in financial work are very conspicuous. Quite a number of counties in the country are unable to pay wages, and the amount of overdue payments for grains is quite large. 3) The peasants have a heavy burden, and we must not be overoptimistic in judging the rural situation. 4) Efforts to change the functions of the government are still inadequate.

Qinghai deputy Tian Chengping: The State Council and concerned departments have attached great importance to and seriously studied the question of how to develop the country's central-west regions. The development of the central-west regions is not merely to promote the prosperity of those regions. It must not be considered as a simple issue of helping the poor people. The development in the central-west regions is related to the overall economic development in the country and sustained power in economic development. Therefore, the state's support to those regions is not only to satisfy the need of those regions but also to meet the need of the country. The Government Work Report has not fully covered this issue, I wish to put forward two suggestions: 1) We should effectively solve the problem of restructuring the economy. We have been calling for readjusting the structure of production, but we have not achieved remarkable success. In actual economic work, we have embarked on many processing and short-term projects to

achieve quick results, but made less investment in long-term projects which cannot achieve quick results such as communications and transportation, energy sources, raw materials, and other infrastructure projects. We must adopt strong measures in readjusting the production structure. The Government Work Report should further stress this point. 2) We should properly solve the question of making strategic arrangements for promoting the regional economy and developing various regions. The report has mentioned regional development, but it is not enough. To attain the third-step strategic objective of modernization, we must bring vitality to the central-west regions. Therefore, we should pay prime attention to making arrangements for the overall and long-term development of the central-west regions. We should further strengthen the State Council's authority and efficacy in macro-control, and adopt some new measures and methods to achieve practical results in this respect.

**Yunnan Secretary Discusses Li Peng Work Report**

HK1903145693 Kunming Yunnan People's Radio  
Network in Mandarin 1000 GMT 17 Mar 93

[Text] Premier Li Peng's Government Work Report has aroused enthusiastic discussion by the province's deputies attending the First Session of the Eighth National People's Congress [NPC]. Now that Yunnan is faced with a very good opportunity for economic development, how shall the development proceed? At the Beijing Hotel where the Yunnan NPC delegation is staying, Pu Chaozhu, NPC deputy and provincial party secretary, told this reporter: Premier Li Peng's work report gives a thorough explanation of various questions, sets a clear goal for future development, and conforms to Yunnan's actual conditions.

Pu Chaozhu said: The next five years will be crucial for achieving the second-step strategic objective in China's modernization drive. In the work report, Premier Li Peng said: According to the revised Eighth Five-Year Plan, the growth rate of the national economy has been revised from the original annual average of 6 percent to 8-9 percent. This is an immense encouragement to people of all nationalities across the country. Yunnan must also seize the favorable opportunity to quicken economic development. He said: Since the Third Plenary Session of the 11th CPC Central Committee, very great changes have taken place in Yunnan's economy. It has changed from the previous natural economy and semi-natural economy to a scale commodity economy. It has changed from the previous inward-oriented economy, which mainly satisfied the province's internal consumption, to an export-oriented economy geared to the markets of other provinces and other countries. It has changed from an area that was the last to open to the outside world to the front that faces Southeast Asia and that opens to all parts of the world. These changes have afforded Yunnan with an unprecedented opportunity for economic development. In the past five years, Yunnan's gross national product [GNP] has increased from 21.2 billion yuan to more than 49.1 billion yuan, with an



average annual increase of 9.2 percent. In light of these changes, the provincial CPC committee and provincial government maintained that Yunnan's economic development can be a little speedier and can be a little higher than the national average, and it can strive to make an annual average growth rate of 10 percent or above.

Pu Chaozhu said: In future work, it is necessary to firmly foster the concept that agriculture is the foundation of all foundations and not to neglect it at any time. With agriculture as the foundation, it is possible to bring along and develop other sectors. He said: The backward communications is an important factor restricting Yunnan's economic development. Communications plays a vital role in construction. Throughout the Eighth and Ninth Five-Year Plans, it is necessary to put great effort into developing Yunnan's highways, railways, aviation, and sea transportation.

Pu Chaozhu said: It is also necessary to see that Yunnan is an ethnic minority region whose civilization is comparatively backward. It is necessary to give priority to developing education, science, and technology in the development strategy. Only when people's quality is upgraded can Yunnan's advantage of rich resources be converted into an economic advantage.

Pu Chaozhu also spoke on the questions of expanding opening to the outside world in the future, using opening up to promote development, utilizing foreign capital and technology, and using township and town enterprises as the breakthrough point.

Finally, Pu Chaozhu said with deep feeling: Now that the party and state's major policies and measures have been fixed, it is incumbent on us how we ourselves will develop it. Yunnan has been closed for a long time, fostering closed concepts in the minds of many party members and cadres. In order to achieve the goal of economic development, it is necessary for us to further emancipate the mind, and arm cadres and the masses with the spirit of 14th CPC National Congress and the theory of building socialism with Chinese characteristics; foster the market concept, the concept of opening up, and the concept of science and technology; and use the great emancipation of the mind to promote the vigorous development of productive forces and quicken the pace of Yunnan's economic development.

#### **Leadership at NPC Focuses on Central, West China**

HK1903133593 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1405 GMT 18 Mar 93

["Commentary on the Two Sessions" by staff reporters Tian Huiming (3944 1920 2494) and Wang Xiaohui (3769 2556 2547)]

[Text] Beijing, 18 Mar (ZHONGGUO XINWEN SHE)—The National People's Congress [NPC] Session has entered the stage of group discussion, and all the senior Chinese leaders have taken part in the meetings. It

is easy to see from their choices of provincial groups that the Chinese leadership's point of attention has shifted from coastal areas to Central and West China.

Jiang Zemin's first stop was the delegation of Tibet. He made an important speech on "seizing the opportunity and striving for common prosperity."

Li Peng attended the Gansu delegation's meeting today. He said in his opening remarks: I have not gone to Gansu for nine years and I am deeply compunctious about it. He vowed to fix a date to visit Gansu this year.

Zhu Rongji attended the Hunan delegation's meeting today. After accompanying Jiang Zemin to the Tibet delegation's meeting, Hu Jintao, together with Tian Jiyun, attended the Guizhou delegation's meeting. Zou Jiahua attended the Shaanxi delegation's meeting today.

It was learned that the senior Chinese leaders would also attend meetings of the delegations of Inner Mongolia, of Qinghai, of Xinjiang, and of Shanxi to take part in group discussions and to listen to the voices of people's deputies of these places.

So far, there is no information indicating that the senior leaders will go to Guangdong, Fujian, Jiangsu, Shandong, and other coastal provinces.

It is undeniable that the strategy of coastal development implemented by China has helped Southeastern coastal areas get rich first and match the international advanced standard. However, the gap between East China and Central and West China is getting bigger and bigger. The gap between Shanxi Province and Shandong Province in terms of industrial output value has increased from the original amount of 30 billion yuan to 100 billion yuan at present. Gansu Governor Yan Haiwang made an astonishing remark: Impoverished areas cannot keep people; "peacocks flew to the southeast" in the past, now even "sparrows" want to fly to the southeast, too!

The analysis made by some economists is: Now China has two major problems: The first is unfair distribution, and the other is regional discrepancy. Major social problems, such as putting the incidental before the fundamental, all the people running businesses, and the wide gap between the rich and the poor, have arisen as a consequence. And these problems can be reduced to one problem—an economic one.

Conflicts arise one after another if the economy has not been developed, whereas thorny problems will be solved one after another if economic construction is treated as the center and great strides are made in the undertaking of reform and opening.

The Chinese leadership has been aware of this problem for a long time. From last year onward, areas along the coast, along the border, and along the Chang Jiang were opened up, and provincial capitals, cities, and some border cities in Central and West China were declared to open up to the outside world while a full range of policies

were implemented. Not long ago, the decision of accelerating the development of township and town enterprises in West China was made and special funds were granted to support them.

This reporter feels, from the remarks of leaders of such provinces and regions as Gansu, Xinjiang, Guizhou, and Ningxia, that in previous years, they frequently made appeals, asked for assistance, and waited for preferential policies from the central authorities. However, at this NPC session, they have already understood that it is unreliable to ask from, to wait for, and to depend on others, and that the key is to take action immediately and to seize the opportunity to develop themselves with a view to blazing a new trail.

We should notice that in the 1990's, China's communications strategy, petroleum strategy, coal strategy, and nonferrous metal strategy has been shifted westwards, and a lot of preferential policies are also being applied to Central and West China step by step. Seen from the trend of senior Chinese leaders' presence in group discussions, we can predict that the authorities have already started implementing the "strategy of the vast expanse of the Northeast," which has been considered for a long time.

#### **Taiwan Deputies Comment on Reunification**

*OW2003054093 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 18 Mar 93*

[Station reporter Li Lian's report; from the "News and Current Events" program—passages within quotation marks are recorded]

[Text] On 18 March, deputies of Taiwanese origin attending the First Session of the Eighth National People's Congress [NPC] expressed their views in a heated discussion on issues concerning national reunification. Station reporter Li Lian's report follows:

Deputy Fan Zengsheng, deputy director of the Shanghai Harbor Administration, pointed out that the most important thing to do now is to promote mainland-Taiwan contacts in all spheres and gradually upgrade the level of contacts.

Commenting on establishing direct postal, commercial, and shipping ties between the mainland and Taiwan, Deputy Fan Zengsheng proposed that the two sides should join hands in setting up shipping companies and airlines. He said: "The most important task at present is to establish direct postal, commercial, and shipping ties—especially shipping ties—between the two sides at an early date. I think the two sides should join hands in establishing shipping companies and airlines to provide passenger and cargo transportation services between the mainland and Taiwan. Once direct shipping ties have been established, direct postal and commercial ties can be achieved naturally. Since contacts between the two sides have now entered the crucial stage, I think a delegation of NPC deputies of Taiwanese origin, formed

by the NPC Standing Committee, should go to Taiwan and conduct an on-the-spot study there so they can better understand Taiwan's actual situation, and so they can reflect the various situations of countrymen in Taiwan more accurately and fully in future NPC meetings. I also hope the authorities in Taiwan will accept this idea and will not impose any barriers."

Deputy Fan Zengsheng expressed the hope that the meeting between China's Wang Daohan and Taiwan's Gu Zhenfu [Ku Chen-fu] will take place as early as possible. He said: Any act of avoiding and delaying their contacts is unwise. Chinese people should use their wisdom to settle problems left behind by people of the last generation. Both sides should not be obsessed with historical issues. We should look forward.

Deputy Fan Zengsheng also urged the government to have a better understanding of countrymen in Taiwan.

Deputies Li Cheng, Wu Guozhen, and Liu Caipin proposed that scientists between the two sides should visit each other and join hands in tackling scientific problems on that basis.

Deputy Yang Yunfei, president of the Fujian Federation of Taiwan Compatriots, maintained the reason why Taiwan can develop steadily is because there is a powerful PRC on its side. This fact should not be ignored, he said.

Ms. Lin Liyun, advisor to the All-China Federation of Taiwan Compatriots, expressed optimism over the future development of mainland-Taiwan ties. She said: Mainland-Taiwan contacts today are extensive. This good trend is irreversible. China cannot stand tall in the world as a rejuvenated nation unless national reunification has been achieved. She maintained that countrymen on both sides of the strait should cherish the relaxed atmosphere.

#### **Jiang Zemin, Shanghai Deputies Discuss Report**

*OW1903142493 Beijing XINHUA in English 1414 GMT 19 Mar 93*

[Text] Beijing, March 19 (XINHUA)—Jiang Zemin, general secretary of the Central Committee of the Communist Party of China (CPC), went to the Shanghai delegation yesterday and today and deliberated the government work report with Shanghai deputies to the Eighth National People's Congress (NPC).

He earnestly listened to speeches of Shanghai deputies and asked questions now and then.

After two Shanghai entrepreneurs talked about how to change the way big and medium-sized enterprises operate, Jiang Zemin said state-owned enterprises account for a big proportion in the national economy. It is necessary to make every effort to change the way the state enterprises operate as soon as possible, he added.

On implementing the regulations published last year on how to change the way the state enterprises operate, Jiang said the most important are the three principles: First, as the director of a state enterprise represents the state to manage the enterprise, he has the responsibility to increase the state assets, expand the enterprise and upgrade its technology and equipment; second, the distribution principle for an enterprise should be based on its performance; third, the enterprise should bear risks when it borrows loans.

Jiang expressed the hope the state enterprises in Shanghai will create new experiences for those in other areas. "We should study new questions such as how to operate joint stock companies," he said.

He said the general situation of the country is good, but there are some problems, some of which are severe. However, the questions are not difficult to solve so long as various aspects pool wisdom and efforts.

In his speech, Jiang Zemin stressed emancipating thinking, seeking truth from facts, seizing the opportunities, deepening reform, speeding up development and concentrating on boosting the national economy, which, he said, is the guideline raised by Deng Xiaoping in accordance with the domestic and international situation. "It must be carried out in all fields of work unwaveringly" at present, in the 1990s and in the next century, Jiang said.

"We will make a historical mistake if we lose the good opportunity," he said.

He also said it is necessary to pay special attention to handling correctly contradictions among the people.

With the deepening of reform and opening to the outside world and development of a socialist market economy, he said, contradictions among the people, especially various conflicts involving concrete interests, will become much more complicated than before.

Historical experiences show if the contradictions among the people are handled correctly and timely, the unity among the people can be strengthened and the social stability and every endeavor be promoted; if they are handled incorrectly and in a delayed manner, great losses may be incurred.

He expressed the hope that leading officials and NPC deputies will pay attention to this problem and help solve contradictions among the people through democratic and persuasive methods as well as state laws and party's policies.

Jiang Zemin also touched on enhancing cultural and ideological progress, fighting against corruption, promoting education and other issues.

He said many deputies voiced their opinions about low pay of intellectuals, which affected intellectuals' enthusiasm and led to outflow of professionally trained people. "The CPC Central Committee, the State Council

and relevant departments have already noticed the problem and are studying measures for its solution," he said.

### On Training, Selecting 'Successors'

HK2203053693 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1143 GMT 19 Mar 93

[By reporter Li Wei (2621 0251)]

[Text] Beijing, 19 Mar (ZHONGGUO XINWEN SHE)—Jiang Zemin, CPC Central Committee general secretary, stressed here this morning that it is imperative to firmly grasp the training, selection, and promotion of successors at all levels.

He stated that the general criterion for selecting and employing successors is the possession of both political integrity and professional competence; specifically, they must be genuine communists in politics, must adhere to the party's basic line, and must possess firm faith in socialism and communism. They must be competent professionally and must possess an educational background, practical experience, and ability in organization and leadership. In ideological style, they must have a wide vision, must be broad-minded, must possess a sound democratic style, must be able to bring together people with different views so they can work effectively, and must adhere to clean government.

The key to whether China will realize the goal of reform, opening up, and modernization development and whether it will carry the cause of building socialism with Chinese characteristics through to the end and score the final victory lies in whether the CPC cadre contingent is staunch and powerful and whether the party, the government, and the Army have reliable successors from one generation to the next.

Jiang Zemin made the above statement while expounding his views on successors to the Shanghai delegation to the First Session of the Eighth National People's Congress [NPC]. On two occasions, Jiang Zemin participated in this delegation's discussion of state affairs, yesterday morning and this morning.

Today, Jiang Zemin delivered a 90-minute speech; however, he said that "there is still much to talk about."

On correct handling of contradictions among the people, Jiang Zemin said that, with the deepening of reform, opening up, and the development of the socialist market economy, contradictions among the people—especially among various specific interest groups—are far more intricate and complex than the past. Historical experiences have testified to the truth that the prompt and satisfactory handling of contradictions among the people promotes solidarity among the people, social stability, and the development of our cause. If they are not handled promptly, contradictions would intensify, as small incidents would develop into major confrontations and could even lead to the outbreak of riots.



Jiang Zemin hoped that leading cadres at all levels and deputies to the NPC would attach importance to this issue, saying: "It is necessary to immerse ourselves among the masses, grasp the situation in a timely fashion, and promptly resolve contradictions among the people. At the same time, it is necessary to learn to utilize democratic means, the method of persuasion, and rely on state laws and the party's policies to correctly handle contradictions among the people." He added that this is an important element in measuring a cadre's level of mass work and leadership.

According to Jiang Zemin, it is necessary to accelerate development in educational undertakings; the Central Committee and the State Council have noted that the low wages paid to intellectuals have affected their enthusiasm and have led to the serious brain drain problem. They are working hard to study measures for a solution.

In response to some deputies' proposal to augment taxation work, Jiang Zemin said that China suffers from financial deficits every year, and its financial strength is weak. Every year, however, voluminous tax revenues that should have been collected are lost. Such irrational phenomenon should not continue. He said that it was necessary to accelerate construction and adopt a computerized information network to reduce cash transactions in various big cities, augment control in tax collection, prevent fraud, and reduce tax collection losses.

Jiang Zemin indicated his belief that Shanghai is capable, experienced, and resourceful in seizing the opportunity and accelerating development. He hoped that Shanghai would take the lead in this respect, but the crux lies in "proceeding from Shanghai's actual conditions; having a clear picture of the situation, strong determination, and correct methods; and being bold at blazing new trails while making progress in a down-to-earth way."

The Shanghai deputies warmly acclaimed Jiang Zemin's speech, which was often punctuated with laughter and applause.

#### **Views Economic Tasks, Prospects**

*OW2003104293 Beijing XINHUA Domestic Service in Chinese 1027 GMT 19 Mar 93*

["Sidelights" by Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Zheng Qingdong (6774 1987 2639) on General Secretary Jiang Zemin's Discussion on State Affairs with National People's Congress Deputies from Shanghai: "Embrace Opportunities and Concentrate on Promoting the National Economy"]

[Text] Beijing, 19 Mar (XINHUA)—Yesterday morning, General Secretary Jiang Zemin, who lived and worked in Shanghai for an extended period of time, called on the Shanghai delegation to the First Session of the Eighth National People's Congress at the place where the latter was staying. He had a discussion with the deputies. This

morning, he will again deliberate the Government Work Report with the deputies from Shanghai in his capacity as an elected deputy from Shanghai.

Comrades from Shanghai know their former mayor and secretary very well. Seeing him arrive for discussions on state affairs was a particularly exciting and heart-warming experience. The meeting room was filled with joyous laughter.

Deputy Yuan Xuefen said: The spiritual civilization should not be conceptualized; it should be given concrete expression. Deputy Zhang Zhongli maintained that we should earnestly protect and always bear in mind peasants' interests. Deputy Zhang Yuanzhen mentioned the need to strengthen ideological and political work in a socialist market economy. Deputy Ha Baoxin proposed: We should adopt practical measures to enhance great unity among various nationalities. Deputy Bai Tongshuo emphasized the need to give strategic consideration to educational issues from the overall perspective of national development. Deputy Li Kuinan expressed hopes for further increasing journalistic transparency and for further tightening supervision through the news media. Deputy Shen Jinkang exhorted: We should train a number of athletes as quickly as possible; this will enable our country to demonstrate the superb skills of the Chinese nation at the 2000 Olympic Games. Deputy Wang Naili stated: We should adamantly fight against bad habits in government organs. Bureaucratism, formalism, and selfish departmentalism have reached a point where they must be resolved.... [ellipses as received]

One deputy after another vied for the floor. Jiang Zemin listened carefully to all the speeches, raising questions from time to time.

When Deputy Guo Nanlin, director of the East China Sea Fisheries Research Institute under the Chinese Academy of Fisheries Sciences, raised the issue of improving our country's fishery production, Jiang Zemin asked: "How does the total output of our country's aquatic production rank in the world?"

"First. An absolute first in the world," Deputy Guo Nanlin said, adding: "The only thing is that small fish and shrimp account for a significant proportion of our aquatic products."

After his questions "Is the profusion of small fish caused by excessive fishing?" and "Is it because we have failed to protect aquatic resources well?" elicited an affirmative answer, Jiang Zemin quipped: "An ancient Chinese saying goes: 'Cast a long line to catch a big fish.' We should step up research into marine resources, including aquatic resources. We should effectively protect aquatic resources and consider long-term interests when dealing with and trying to understand our country's fisheries and aquatic production."



Following Jiang Zemin's remarks, Deputy Cao Guochen, director of the Shanghai Research Institute of Nonferrous Metals, said: "Can we 'cast a long line to catch a big fish' when dealing with scientific research institutes? It is now absolutely possible to further tailor some of our scientific research projects to society and the market; however, relations in quite a few areas have yet to be rationalized. This has impeded the development and utilization of scientific research projects. We hope that more decisionmaking powers will be granted. We might as well let out more of the long line—in the form of decisionmaking powers for scientific research institutes—in order to catch a 'big fish.' His remarks drew laughter from all the deputies present at the meeting.

In his speech, Deputy Rong Yiren said: The government work report is a good report, but we must carry out the various tasks mentioned in the report, and it calls for a lot of arduous efforts. The most important thing is to strengthen party leadership, and under the leadership of party organizations at all levels, we must correctly understand the theory of socialist market economy, mobilize all the positive factors and concentrate our efforts on promoting economic construction. Other deputies, including Huang Ju and Ye Gongqi, expressed their views on how to bring Shanghai's economy to a new level.

As one of the responsible officials of big and medium-sized enterprises, Deputy Tong Hong Mou, senior engineer for the Xinhua Radio Factory, touched on the question of how to change the operating mechanisms of large and medium-sized enterprises. He said: Now everyone is talking about changing operating mechanism, and the relevant principled policies and regulations have been promulgated; however, there is a lack of a method for operations, and there are great difficulties when we actually implement the change. Deputy Huang Kuangcong, managing director cum general manager of the China Textile Machinery Limited Company, added: "The current pressure on enterprises is so great that it is very difficult to be a factory director."

Jiang Zemin said: The question you have raised is of a general nature. In the early 1950's when I was the factory director of the Shanghai Food Factory No. 1, we had an easy time; there was no competition and there was not much pressure; but now things have changed. At present, actually it is relatively tough to be a factory director, and under the new situation of moving toward the market, many things are entailed in thinking about how to be a good factory director.

Jiang Zemin pointed out: State-owned enterprises feature very prominently in our national economy; whether or not we can do a good job of it matters a great deal to us. If we are unable to solve the existing problems faced by large and medium-sized enterprises, such as each according to his work, and more pay for more work, we will not be able to bring into play the superiority of socialism, and it will not be convincing. We should manage our enterprises even better than the capitalist

countries because our enterprises are publicly-owned, and belong to the workers themselves. We must try to find a way to tackle the problem of changing the operating mechanism of state-owned enterprises as soon as possible.

Jiang Zemin said: Now we have the "Regulations," but quite a number of factory directors and managers have said that there are far too many regulations, and that they do not know which is the most important one. To me, there are three most important rules, or let us agree on a three-point principle: First, the factory director of a state-owned enterprise represents the state in managing the enterprise, he has the responsibility for making state assets appreciate in value, continuously expanding the enterprise, and upgrading its technology and equipment. Second, distribution in enterprises should be based on the principle of: More profits, more distribution; less profits, less distribution; and no profits, no distribution. Third, the enterprise can take out loans, but it must bear its own risks; since it obtains loans, there must be an appreciation in value, and the enterprise's production and economic efficiency should have comparatively bigger growth. If you can fulfill these three conditions, it is possible to arouse enthusiasm for the enterprise, and it will be welcomed by staff members and workers, then it will be correspondingly easy to be a factory director.

Jiang Zemin expressed the hope that state enterprises in Shanghai would create new experiences in giving expression to the superiority of socialism in operating mechanisms for other areas, so that they can learn from and draw on this, and set an example for large and medium-sized enterprises across the country. He said: We must always study new problems; take for instance, how to operate a share-holding system, and whether one should float shares with increased assets or with their original assets. These are the more complicated issues which require us to analyse, to try to understand and explore continuously.

On the issue of strengthening taxation work raised by some deputies, Jiang Zemin said: At present, a very irrational phenomenon exists—on the one hand, the state incurs financial deficits and suffers a shortage of funds every year; on the other hand, huge amounts of taxes which should be collected are lost every year because they are uncollectible. We must strengthen taxation work. First, we may consider combining these efforts with those aimed at streamlining organizations and transfer some of the personnel to expand the taxation ranks. Second, we should quicken the pace of establishing and utilizing the computer information network, reduce as many cash transactions as possible in big cities, reduce losses of tax revenues, strengthen taxation collection and management, prevent graft, and control the volume of the cash flow. We hope taxation departments at various levels will forge ahead, despite difficulties, in order to fulfill these important duties.

Jiang Zemin said: We should always emphasize that partial interests must be subordinated to overall interests, individual interests to state interests, and immediate interests to long-term interests. We must correctly handle relations among the three at all times. He said: Shanghai is a coastal city, and the CPC Central Committee, the State Council, and I myself all hope that Shanghai will develop first and, at the same time, offer economic support and aid to poor and backward border areas. Border areas are rich in natural resources and should in turn help Shanghai's economic construction. We should fully recognize the importance and necessity of mutual support and cooperation.

Jiang Zemin pointed out: We can summarize the current overall situation in one sentence: Though problems exist, the situation is good, and the future is bright. One basic sign of the good situation is the way the masses of cadres and people are displaying unprecedentedly warm enthusiasm, the entire country is seething with activity, and reform and development are demonstrating vitality under the guidance and inspiration of Comrade Deng Xiaoping's important talks during his southern tour and the guidelines of the 14th CPC National Congress. He said: In this good situation, some problems do exist. Some problems in certain fields are even quite serious; however, these are problems that arose during the course of advancement and development. It is not difficult to solve these problems as long as people in leadership positions and rank-and-file members, as well as people in all circles, pay attention to these problems and cooperate with one another. The better the situation, the more sober-minded we should become. The central authorities have promptly pointed out existing problems and reminded people to pay attention to them; this is an absolutely positive move that takes account of the general situation. The purpose is to help us do a better, more solid, and more efficient job; to help bring the initiative of all sides into full play; and to contribute to consolidating and developing the good situation.

Jiang Zemin said: In keeping with today's international and domestic situation, Comrade Xiaoping has established an extremely important guiding thought that calls for persistently emancipating the mind, seeking the truth from the facts, embracing opportunities, deepening reform, accelerating development, and concentrating on promoting the national economy. We should firmly and fully implement this guiding thought in various fields of work. We should not allow ourselves to waver, both at present and throughout the 1990's; in this way, we are less likely to vacillate by the time we enter the next century. Opportunity knocks but once. Whether we can firmly embrace the current rare opportune moment to accelerate development and raise our country's economy to a new level as quickly as possible is an important challenge for us. We will commit a historic error if we lose this good opportunity through the poor performance of our work.

On the need to pay close attention to correctly handling contradictions among the people in the new situation,

Jiang Zemin said: The deepening program of reform and opening up and the development of the socialist market economy have rendered contradictions among the people—especially those among various specific interests—more complex than ever. Past experience shows that the timely and efficient way of handling contradictions among the people can enhance people's unity, foster social stability, and promote progress in various efforts. Failure to act promptly and efficiently can sharpen contradictions, compound minor problems, and even cause trouble; this will cause great losses. He expressed the hope that leading cadres at all levels, including National People's Congress [NPC] deputies, would take this matter seriously, go among the people, and try to understand the situation and defuse contradictions among the people on a timely basis. He also hoped that they would learn to correctly handle contradictions among the people through democratic and persuasive means and in accordance with state laws and party policies. This is an important criterion for assessing our mass work and leadership skills.

Jiang Zemin said emphatically: We must maintain the "two-handed" approach and strengthen the spiritual civilization. He said: Maintaining the two-handed approach without slackening efforts in either aspect is an important guiding principle for our modernization drive; it should be maintained through the entire process of reform, opening up, and modernization. Promoting the two civilizations simultaneously is one of the basic elements in maintaining the "two-handed" principle. We can only afford to strengthen—not weaken—socialist spiritual civilization in the new situation of deepening reform and developing the socialist market economy. The more we strengthen the spiritual civilization, the more we can contribute to deepening reform, liberating productive forces, and accelerating economic development. He said: We should strengthen spiritual civilization in conjunction with our fight against corruption. The fight against corruption should be carried out through the entire process of reform, opening up, and modernization. The more we develop the commodity economy and the socialist market economy, the more we should continue and intensify the fight against corruption.

Touching on the question of accelerating educational development, Jiang Zemin pointed out: To embark on modernization construction, we have to rely on scientific and technological progress and on enhancing the quality of workers. This cannot be accomplished without education, because education is the foundation for scientific and technological rejuvenation and the training of qualified personnel. Although we have made marked progress in developing education over the past ten years or so, due to historical reasons it is still our weak link, considering the fact that it still falls short of the needs of the reform, opening to the outside world, and modernization drive. We must attach great importance to this question, and rouse ourselves to catch up with their needs in order to accelerate development. We must firmly stick to this guiding thought as well.

Jiang Zemin said to the deputies: You have said that the present wages for intellectuals are low. This has affected their enthusiasm. The stability of contingents of intellectuals has been affected by the serious outflow of trained personnel. This is absolutely true. The party Central Committee, the State Council, and other departments concerned have long turned their attention to this question and are striving to come up with measures for solving it.

Jiang Zemin stressed that we must intensify the training and selection of successors at all levels. He said: Whether or not the objectives of advancing reform, opening up, and the modernization drive can be realized, whether or not the party's basic line can be adhered to unswervingly for 100 years, whether or not we can carry out the task of building socialism with Chinese characteristics through to the end and win final victory, and whether or not political stability within the party and the state can be maintained depend on whether the party's cadre contingents are strong and on whether their new successors in all strata of the party, government, and military organizations.

Jiang Zemin said that our general criterion for selecting successors is ability and political integrity. Specifically speaking, the following main principles will be taken into consideration: First, it is political requirements. This means successors must obey the party, truly be communists, adhere to the party's basic line, and have firm faith in socialism and communism. Second, there are professional requirements. This means successors must have ability, including knowledge, practical experience, and organizational and leading ability. Third, there are ideological and workstyle requirements. This means successors must have broadness of mind, must be tolerant of others, must work in a democratic way, and should be capable of uniting and working with comrades who hold different opinions; they must be honest and free of corruption.

In conclusion, Jiang Zemin said he is convinced that Shanghai is capable of seizing the opportunity, deepening reform, and accelerating development, adding that Shanghai has the experience to do this. He expressed the hope that Shanghai will advance ahead of the rest of the country in this respect. The key to achieving this goal is that Shanghai should take local conditions into account, be determined, and find the correct way to do it. In other words, Shanghai must advance steadily while making bold explorations.

The deputies gave Jiang Zemin's speech warm applause. At the request of the deputies, Jiang Zemin had a picture taken with them.

#### **Forecasts Prosperity for Hong Kong**

*HK2003042493 Hong Kong TA KUNG PAO in Chinese  
20 Mar 93 p 2*

[Dispatch from Beijing: "Jiang Zemin Talks About Hong Kong Issue"]

[Text] Beijing, 19 Mar (TA KUNG PAO)—Jiang Zemin, general secretary of the CPC Central Committee, today reiterated that China will definitely restore and exercise sovereignty over Hong Kong on 1 July 1997 and will definitely ensure long-term stability and prosperity in Hong Kong. He said there is no need to change the capitalist system there.

Jiang Zemin made these remarks during a discussion held by the Shanghai delegation to the National People's Congress [NPC] this morning. Yesterday morning, Jiang Zemin visited the Shanghai delegation in the place where they were staying and this morning, he participated in their discussion at the Shanghai Hall of the Great Hall of the People. He also had a group photo taken with the deputies to mark the occasion.

When talking about the Hong Kong issue, Jiang Zemin said: On 1 July 1997, we will definitely restore and exercise sovereignty over Hong Kong. The Opium War, the years of being wantonly trampled on by others and being corrupt and incompetent, such as those at the end of the Qing Dynasty, have all gone forever since the founding of New China in 1949. Never again can anyone stop us from exercising our sacred rights.

Jiang Zemin pointed out: Britain has had more than 40 colonies in the past and now only Hong Kong and Gibraltar are left. By operating in Hong Kong, the British earn great profits every year.

Britain is not willing to lose this paradise. When withdrawing from the colony, it will surely create obstacles and troubles there.

Jiang Zemin continued: We will definitely take Hong Kong back in 1997 and will definitely ensure its long-term stability and prosperity. This is our wish. We never hope to see Hong Kong's economy decline. Lu Ping repeatedly explained this viewpoint the day before yesterday.

Jiang Zemin emphasized: How do we preserve Hong Kong's prosperity and stability? To preserve prosperity and stability in Hong Kong, we must implement the policy of "one country, two systems" in accordance with Comrade Xiaoping's instructions and allow Hong Kong to continue to practice capitalism. Stability and prosperity cannot be preserved and Hong Kong will become a dead port if capitalism is not practiced there. Therefore, it is necessary to always preserve its economic relations and commercial and trade relations. Nevertheless, it is a free port. Hong Kong's system should remain unchanged for 50 years or, in my opinion, even longer. Why should it be changed?

Jiang Zemin also talked about the Taiwan issue and the question of how to seize the current opportune time.



### Li Ruihuan Calls For Thrift, Solid Work

OW2203050293 Beijing XINHUA Domestic Service in Chinese 1522 GMT 18 Mar 93

[By reporters Liu Haimin (0491 3189 3046) and (1756 2885 2638)]

[Text] Beijing, 18 Mar (XINHUA)—Examining the Government Work Report along with National People's Congress [NPC] deputies from Tianjin this morning, Deputy Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee, expressed his views on how to accomplish the tasks put forth in the Government Work Report and push China's economic development to a higher level.

The meeting took place at the Tianjin Hall in the Great Hall of the People. Wei Li, president of the Tianjin First Middle School; Wu Yongshi, president of Tianjin University; Li Xueqin, principal of the Shanghaidao Primary School in Tianjin's Heshi District; and Dai Ximeng, president of the Tianjin College of Chinese Medicine, expressed their views on education. They said: The government report has given priority to educational development and placed it in a strategic position. This is an important move. If education fails to develop, the development in society as a whole will be affected. They said that the ranks of teachers today are unable to meet the needs of China's socialist modernization.

Wang Guangying, a long-time Tianjin resident and vice chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC], and Feng Rong, deputy director of the Tianjin Land Administration, commented on the need of building a stronger infrastructure. They said that, when building the infrastructure, consideration should be given to future needs and not simply the current needs, and projects have to be launched according to plan. Zhang Yaxiong, Ji Xuezheng, Wang Runsheng, and Qiao Weixiong expressed their views on replacing operating mechanisms at large and medium enterprises, developing the automobile industry, and improving the legal system.

After listening to these deputies' remarks, Li Ruihuan said: The next five years will be crucial for China's development. We must seize the opportunities at home and abroad and push our economic development to a higher level. To do this, we must promote the spirit of practicing economy and doing solid work in all fields, and we must rally the masses to work hard and proceed firmly.

Li Ruihuan said: Premier Li Peng's government work report has summed up the great successes achieved in reform, opening up, and modernization during the past five years; it has set the guidelines for accomplishing the basic assignments of economic construction and other projects; and it embodies the important talks which Comrade Deng Xiaoping gave during his inspection tour

in southern China and the guidelines laid down by the 14th party congress. The report is a good report reflecting reality. He said: Our objectives are inspiring, but there are also numerous difficulties ahead. To maintain and develop the excellent situation today and achieve the objectives stated in the report, people in the whole country must work hard together with even higher morale.

Li Ruihuan stressed: We must always act practically during the course of reform, opening up, and modernization. We have learned from experiences that only when we act practically can our cause proceed smoothly. We must respect objective laws, do things strictly in accordance with objective laws, and not act subjectively. We must go deep into the realities of life to conduct investigation and study and strive to do everything according to practical needs. We should listen to all kinds of views. To make decisions in a democratic and scientific manner, not only should we listen to the views of the majority and the leading authorities, but also the views of the minority and grass-roots units. We should learn how to sum up our experiences because, through summing them up in a scientific approach, we can deepen our understanding, improve our competency, and control the initiative.

Li Ruihuan pointed out: We must always maintain close ties with the masses. We must attach great importance to certain conduct, such as divorcing from the masses and infringing upon the masses' interests. We must listen to the masses' voices and know what they want and think. We must protect the masses' interests, always care for their plight, and help them solve their problems. We must count on the strength of the masses. We should, by drawing up proper policies and exercising superb art of leadership, fully arouse and rationally manifest the masses' enthusiasm so that we can push all causes forward. We should accept the masses' supervision by voluntarily placing ourselves under their supervision. We must draw up and improve all specific measures so that the masses' supervision can be effective.

Li Ruihuan stressed: We must always encourage hard work and plain living. China's modernization, when achieved, will be the product of the hard work done by the hundreds of millions of people under the leadership of the vast number of cadres. We must encourage people to achieve affluence through doing honest work so as to promote the public awareness that honest work is glorious. We must encourage people to practice economy in doing things and firmly reject such unhealthy social practices as talking big, acting like big spenders, launching big projects, and lavishing big sums on food and drink. Leading cadres must take the lead in practicing economy and working hard. They should consider doing hard work an honor and establish their prestige among the masses with their hard work.

Li Ruihuan said: It is significant today to encourage people to practice economy, do solid work, and be practical. While the majority of Chinese people have just

had their basic food and clothing problems resolved, we must still encourage people to practice economy and do solid work even when we are able to lead a comparatively comfortable life in the future. He said: The CPC has developed its unique strengths during its protracted revolutionary struggles. These strengths are still very useful today as they were in the past when the historical conditions were special. While emulating the other people's strengths, we must also preserve our own strengths. When we are able to combine other people's strengths with those of our own, we will become even better.

Li Ruihuan, an NPC deputy elected in Tianjin, also had enthusiastic discussion with other deputies on his proposals for accelerating Tianjin's economic construction.

### Li Lanqing Discusses Foreign Economic Relations

OW2003120993 Beijing XINHUA Domestic Service in Chinese 1311 GMT 18 Mar 93

[By reporters Xie Guoji (6043 0948 6068) and Sun Jie (1327 2638)]

[Text] Beijing, 18 Mar (XINHUA)—Li Lanqing, member of the CPC Central Committee Political Bureau and minister of foreign economic relations and trade, said today that China's foreign economic relations and trade must reach a higher level so that they can do their shares in achieving the grand plan for China's economic development. Li Lanqing made the statement at a group discussion of deputies from Henan attending the First Session of the Eighth National People's Congress.

Li Lanqing said: Inspired by the important talks which Comrade Deng Xiaoping made during his inspection tour in southern China, and the guidelines laid down by the 14th party congress, China continued to make substantial headway in promoting its foreign economic relations and trade last year, like it did for several years in the past. In 1992, the volume of China's foreign trade reached \$165.6 billion, including \$85 billion of exports, which topped that of 1991 by 18.3 percent, and \$80.5 billion of imports, a growth of 26.4 percent. Of China's export goods, finished goods accounted for 79.9 percent. Foreign investment in China had never been more active. In 1992, foreign businessmen invested in 48,851 new projects (foreign-funded enterprises have now invested in 91,600 projects in China) and the actual amount of money they invested in China reached \$18.7 billion (the nation has now brought in a total of \$34.5 billion in foreign capital).

Li Lanqing said: For a big country with a population of over 1.1 billion, these achievements can only be considered as the first step on our road of advance. We must continue to work hard to train more personnel so as to push China's foreign economic relations and trade to a higher level. To this end, we must adjust the mix of export goods and continue to promote the strategy of "winning with quality products" and the strategy of diversifying the market. While China's export goods are

now primarily finished goods instead of primary products as the case in the past, these finished goods remain mostly light industrial goods, textile products, and medium- size and small machinery and electronics goods. Since it is hard to achieve greater development with these goods, we must make great efforts to develop exports of machinery and electronics goods, especially complete sets of equipment, and high-technology commodities which have high added value. China has considerable capacity and potential in this regard. Recently, in addition to having authorized 925 production enterprises with the power to handle their foreign trade, we have also 100 qualified research units the right to handle their foreign operations. In the future we will continue to authorize more qualified enterprises and research units the power to handle their foreign operations so that they can directly participate in competitions in the world market and accelerate their technological progress and development.

Li Lanqing said that China now exports 75 percent of its goods to the United States, Western Europe, Japan, and Hong Kong. While maintaining and developing markets in these countries and regions, we must strive to explore new markets, such as those in the Commonwealth of Independent States, Southeast Asia, the Middle East, Central and South America, Oceania, and Africa.

Speaking on modes of cooperation with foreign countries, Li Lanqing said: We should, on the basis of unity in economic interests, further promote integration of trade with industry, economic relations, agriculture, or technology. We should step up cooperation on the basis of mutual benefits and voluntary participation in a variety of forms including the shareholding system and joint operations to jointly develop the international market. In attracting small and medium-sized foreign investment projects, we should lay greater emphasis on capital and technology-intensive projects to facilitate economic structural readjustment and upgrading of production technology. In resource-rich central-western China, we should make greater use of foreign capital to develop and process resources for the benefit of regional economic development.

Li Lanqing said: We should continue providing economic and technical aid to developing countries within our powers. In future, we should, in particular, help developing countries build production projects which the localities concerned need and can use to develop local resources. We should help them develop some small and medium enterprises so that our economic aid, technology, and equipment are integrated with development of local production. We should also adopt flexible measures to carry out long-term technical and management cooperation on the basis of a unity in mutual interests so that the projects, once put into production, will operate efficiently for many years and contribute to the industrial development of nations receiving our aid.

Speaking of construction of development zones, Li Lanqing said: As a result of the successful experience coastal

regions have gained in the experiments of running economic and technological development zones, many localities are busily setting up such zones. We must make overall planning to ensure rational geographical distribution. We must conduct thorough feasibility studies and refrain from rushing headlong into action. In particular, we must not allow such zones to encroach upon good farmlands. Construction of approved development zones should, where conditions permit, be carried out in coordination with the renovation of existing enterprises and the renewal of urban areas. We should encourage existing enterprises to set up joint ventures in development zones with Chinese and foreign-funded enterprises in order to carry out equipment renewal, improve product structures, upgrade product quality, and expand markets. Plants already in cities should transform themselves and switch to service trades. We must not concentrate only on expanding and increasing input in new development zones to the neglect of existing enterprises.

**Jiang Zemin, Li Peng Meet With Hebei Deputies**

OW2103130393 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 19 Mar 93

[From the "National News Hookup" program]

[Text] This morning, General Secretary Jiang Zemin and Premier Li Peng met with deputies from Hebei to the First Session of the Eighth National People's Congress in the Great Hall of the People and had cordial conversations with them. They wished that people in Hebei will seize the present opportune time to accelerate development to fully develop Hebei's economy.

**Li Peng Views Revitalization With Sichuan Group**

OW1903232893 Beijing XINHUA Domestic Service in Chinese 1013 GMT 19 Mar 93

[By reporters Chen Yi (7115 5669) and Yang Li (2799 0500)]

[Text] Beijing, 19 Mar (XINHUA)—Premier Li Peng this morning went to the Sichuan delegation to the First Session of the Eighth National People's Congress (NPC) and discussed with them plans for revitalizing China's largest province in terms of population. Li Peng said: If we can firmly seize the favorable conditions, formulate a development strategy in line with the actual situation by seeking truth from facts, rely mostly on our own efforts, and do solid work, then Sichuan's economy can certainly be revitalized.

After listening to the views of eight NPC deputies, Premier Li Peng said: Since the adoption of reform and opening up, great changes have taken place in Sichuan. The per capita annual grain output in Sichuan has reached 800 jin, higher than the national average. The province has also supplied the rest of China with large quantities of pork and vegetables. These are outstanding achievements.

Li Peng pointed out: Sichuan is a large province with a population of 100 million, of which the rural population makes up a large proportion. However, the farmland area is not sufficient. Strengthening the agricultural foundation and developing the rural economy will have a very important significance for the stability and development of Sichuan and southwestern China.

All relevant departments should pay great attention to and create favorable conditions for agricultural development. He said: It is necessary for the province to develop high-quality, high-yield, and high-efficiency agriculture; expand processing capabilities for grain; and make its agriculture suited to market demand. Sichuan should pay attention to vigorously developing village and town enterprises, developing intensive processing of grain and other farm products, tapping local resources, and supplying the needs of urban industry so as to increase the peasants' income and promote the development of a rural economy.

Li Peng repeatedly stressed the issue of alleviating peasants' burden. He pointed out the need to show special care for less developed areas. He said: Party and government cadres at various levels should work hard, live a plain life, and be self-disciplined. When launching construction projects and other undertakings, local governments must take into consideration the peasants' endurance.

In conclusion Li Peng said: Sichuan is a place with good natural conditions and rich natural resources. The people are hard-working, and there are many talented people in cultural, scientific, and technological fields. Sichuan also has many defense industrial enterprises. He believed that with common efforts and hard work by the people in Sichuan, the province will take on a new look by the end of the century.

**Qiao Shi, Qinghai Deputies on Work Report**

OW2003003693 Beijing XINHUA Domestic Service in Chinese 1507 GMT 19 Mar 93

[By reporters Wang Hongwei (3769 1347 0251) and Zhang Yinshu (1728 6892 2562)]

[Text] Beijing, 19 Mar (XINHUA)—Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau, and State Councillor Chen Junsheng arrived at the Qinghai Room at the Great Hall of the People this morning to deliberate the government work report with Qinghai deputies and to discuss with them plans to step up the pace of economic development. Qiao Shi expressed the hope that the Qinghai people will seize opportunities, gain confidence, accelerate development, and work hard to shorten the gap between their province and economically developed regions.

Deputies warmly applauded when Qiao Shi and Chen Junsheng walked into the meeting room. Tibetan, Mongolian, Salar, Tu, and other ethnic minority deputies—in



their unique nationality rites—proposed a toast of wine made from highland barley and presented pure white hadas to Qiao Shi and Chen Junsheng. Yin Kesheng, a deputy and secretary of the Qinghai provincial party committee, said: "There are seven ethnic minority deputies among the delegation of 17 deputies from Qinghai." Qiao Shi responded happily: "This shows we have deputies from a wide range of sectors and, that there is unity among our many nationalities."

After briefing everyone about the progress made by Qinghai Province in exploiting its natural resources, Wang Hanmin, a deputy and vice governor of Qinghai Province, said: There was unity among nationalities, political stability, and steady economic growth in Qinghai in the past five years—just like other places throughout China; the province's foundation has gradually improved. Particularly in 1992, cadres and masses of all nationalities in Qinghai, who were inspired by speeches delivered by Comrade Xiaoping during his trip to south China, persevered in opening up in all directions to the outside world; successively created over 140 windows inside and outside the country; established economic cooperative ties with over 20 provinces, municipalities, and autonomous regions; imported [goods] from other parts of the country and established external ties [nei yin wai lian 0355 1714 1120 5114]; used preferential policies to attract businessmen and investments; greatly stepped up the pace of exploiting natural resources; attained 9.3 billion yuan in total industrial and agricultural output value; and achieved 7 percent growth in the gross national product. We had the fastest economic development in 1992, as compared to past years. In particular, we continued to reap bumper harvests in agricultural production for six years, and the growth rate in total agricultural output value was above the average national level. Our production in animal husbandry grew continuously and steadily for five years, and per capita income of our peasants and herders reached 603 yuan.

After listening to Wang Hanmin's speech, Qiao Shi said: In our efforts to develop the industry of grassland animal husbandry, we must uphold the principle of walking on two legs and of letting those who invest enjoy their benefits. The state, collectives, and individuals should annually and systematically invest some manpower, as well as financial and material resources, to developing the grassland animal husbandry industry and to gradually improving the situation where people rely on mother nature to rear animals.

In his speech, Da Jie [6671 2638], a deputy and head of the Golog Zang Autonomous Prefecture, said: The Zhang Autonomous Prefectures of Golog, Yushu, and Huangnan enjoyed great economic development after more than 10 years of reform and opening up; but they have yet to solve the problem concerning basic needs which still face some of their peasants and herders. Chen Junsheng said: "The state will consider granting a certain amount of preferential treatment in its policies to such aspects as helping the poor, developing grassland animal

husbandry, and exploiting natural resources to regions faced with exceptionally difficult situations." Qiao Shi said: "I agree very much with Comrade Junsheng. We should first do solid work to help the poor overcome poverty, then pay attention to consolidating our work. We should use a few years of our time to help the poor overcome poverty, then achieve stability and make further improvements. This is very important."

Qiao Shi said: "The present international situation is favorable to our efforts to accelerate economic construction. On the whole, China has never come across opportunities such as the present one in modern times. If we seize the opportunity, focus on the central task of economic construction, and improve economic construction, our country and our nationalities will not only be able to gain a foothold among various nationalities in the world, we will also become stronger; we should have confidence in this."

Qiao Shi said: Qinghai Province has abundant natural resources, but its population is not large enough. It faces an extremely arduous task of development and construction. This calls for comrades of all nationalities to display the spirit of self-reliance and to fight hard battles. They should have the determination to gradually change the face of Qinghai. First, they should emancipate their minds, change their mentality, and widen the path to develop and construct Qinghai. Second, the domestic environment is very good right now; there is economic development and social stability. Qinghai should seize the opportunity, and under the prerequisite of being mutually beneficial should improve various types of cooperation with other provinces and autonomous regions. It should also set the stage for importing funds and experts from inside and outside the country. With all these efforts, Qinghai will have more quarters to depend on. Third, within its capability, the state will suitably give a bit of attention to Qinghai in its policies. Qinghai should however not harbor any thought of relying on the state. It should find other ways, seek truth from facts, gradually accumulate, and strive to develop and construct Qinghai in the next five to 10 years.

Speaking about efforts to develop village and town enterprises, the private sector of the economy, and the gap which currently exists between east and west regions, Qiao Shi said emphatically: The essence of socialism is to attain common prosperity. We cannot overcome the gap between east and west regions overnight, but with effort we can stop the gap from widening, and even make it grow smaller. We should adopt an enthusiastic attitude when developing village and town enterprises as well as the private sector of the economy. We should accelerate the development of village and town enterprises in localities in the central-west region which possess the prerequisites. We should also abide by relevant policies to relax our control over efforts to develop private sectors of the economy.

### Zhang Zhen Calls For Strengthening Defense

OW2003204693 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 19 Mar 93

[From the "National News Hookup"]

[Text] Some 260 People's Liberation Army [PLA] deputies attending the first session of the Eighth National People's Congress [NPC] examined Premier Li Peng's Government Work Report in eight groups. The deputies held: Economic construction constitutes the foundation of national defense, and the PLA should always attach importance to the interests of the party and the people and conscientiously subordinate its interests to serving the general interests of the nation's economic construction. At present, the PLA's paramount task is to build itself up to provide a reliable safeguard for reform, opening up, and modernization. At the same time, it should actively support and participate in the nation's economic construction. It should strive not only to make itself capable of fulfilling its sacred responsibility of defending the country, but also to make itself an important force in building socialism with Chinese characteristics.

[Video changes to medium shots of Central Military Commission member General Zhang Zhen in uniform and wearing glasses and reading from a prepared text]

[Begin Zhang Zhen recording] Our socialist modernization is being carried out in an ever-changing international environment. We must be prepared for danger in times of peace. Today, national defense construction can only be strengthened, not weakened. The PLA is entirely for defensive purposes. We do not want one inch of another country's land, nor do we allow others to take one inch of land from us. Only with a strong national defense capability can we effectively defend our country. [end recording]

### PLA Leaders Stress Army Modernization

OW2103121093 Beijing Central People's Radio  
Network in Mandarin 2230 GMT 20 Mar 93

[From the "News and Press Review" program]

[Text] In view of the new situation arising from reform and opening up, it is necessary to actively advance the modernization of our national defense. These are remarks often discussed by deputies from the People's Liberation Army [PLA] to the First Session of the Eighth National People's Congress [NPC].

Deputy Qin Jiwei said: Premier Li Peng's report has set still higher requirements for the Army. Army units should earnestly implement Comrade Deng Xiaoping's thinking on army building in the new era, and they should ensure a good job in army building and reform, and raise their combat strength in line with the overall requirement set by Chairman Jiang Zemin that army units should be politically qualified and militarily

capable, should have a good work style, should abide strictly by rules of discipline, and should be backed by reliable logistical support.

Discussing defense construction, Deputy Chi Haotian said that the Army should pay attention to the following points: First, intensify army building; second, develop defense science and technology as well as weaponry and equipment; third, establish and improve flexible and highly efficient mobility mechanisms; and fourth, foster a social environment in which all people attach importance to, concern themselves with, and support national defense.

Discussing the issue on security versus development, Deputy Zhang Wannian said: Without security, there will be no guarantee for development, and without development, there will be no foundation for security. We should integrate security with development and persist in the road of making the country rich and the troops strong.

Deputy Yu Yongbo said: Under the new situation, the primary task of political work in the Army is to arm all officers and men with the theory on building socialism with Chinese characteristics, and increase their awareness and persistence in implementing the party's basic line.

Deputy Fu Youquan said: In carrying out logistic work, the Army should further display the fine tradition of building up the Army through thrift and hard work. Meanwhile, the Army's logistic work should meet the requirements of the strategic principle under the new era.

### JIEFANGJUN BAO on Yang Baibing's Comments

OW2003052593 Tokyo KYODO in English 0446 GMT  
20 Mar 93

[Text] Beijing, March 20 KYODO—China's principal army newspaper on Saturday [20 March] broke a five-month media blackout by publishing remarks attributed to former military strongman Yang Baibing, the disgraced half-brother of Chinese President Yang Shangkun.

In a front-page article, the PEOPLE'S LIBERATION ARMY (PLA) DAILY [JIEFANGJUN BAO] aired Yang's views on the government work report delivered last Monday by Premier Li Peng to the Eighth National People's Congress, China's nominal parliament.

Yang, who remains a member of both the communist party's politburo and parliament, made the remarks Friday [19 March] during a panel discussion of military delegates to the congress, the PLA DAILY said.

"Through the joint efforts of the party and the people, we can construct a new stage of socialist modernization," Yang was quoted as saying.

This is the first time the PLA's erstwhile top political commissar has been quoted in the official media since last October's 14th party congress when he lost all his military positions amid rumors of his involvement in a plot to oust paramount leader Deng Xiaoping.

According to the article, Yang praised Deng and his fabled trip to southern China last spring as providing a firm basis for constructing Chinese socialism.

However, his continued black-sheep status was underlined by the fact that neither XINHUA NEWS AGENCY nor any other official media outlet carried a similar story. But Yang was shown briefly on national television Friday [19 March] night at the panel session, albeit dressed in civilian clothes.

Although Yang's comments basically paid lip service to the official party line on economic reforms, analysts say the article lends weight to recent suggestions that President Yang has secured his half-brother at least a partial reprieve.

#### **'Roundup' of First Phase of NPC Session**

OW2103123293 Beijing XINHUA in English  
1206 GMT 21 Mar 93

[Unattributed "Roundup" feature]

[Text] Beijing, March 21, (XINHUA)—Close to 3,000 deputies to the Eighth National People's Congress (NPC) attending its first session here spent four days discussing and examining Premier Li Peng's report on government work.

As scheduled, the session entered its second phase on Saturday [20 March] afternoon.

The NPC's 32 deputy delegations engaged in heated discussions covering a wide range of topics. Jiang Zemin, Li Peng and other party and government leaders separately took part in group discussions as NPC deputies, listened to views of other deputies, and expressed their own opinions on questions raised by them.

"Seizing opportunities to speed up development" is the central topic of the group discussions, according to XINHUA reporters covering the congress session. It is also a term that appears most frequently in conference bulletins.

Seizing opportunities to speed up development is a guiding principle set forth by Deng Xiaoping for China's economic development on the basis of the current international and domestic situation. And this principle has been incorporated into Premier Li Peng's report on government work. The top officials all touched on the subject when they joined group discussions of NPC deputies in the last few days.

Deputies discussed ways to take advantage of opportunities in light of the realities of their respective provinces, municipalities and autonomous regions, enabling this strategic thinking of Deng's to take on concrete meanings.

As observed by XINHUA reporters, the discussions had the following characteristics: First, "seizing opportunities to speed up development" is not an empty slogan but has become a guiding principle for setting China's economic development goals for the next five years; the hiking of the annual growth rate of China's national economy to 8-9 percent, from the original six percent, is proof of the guiding nature of the principle.

Second, deputies all believe their respective regions have unique favorable opportunities, despite their representation of China's diverse regions: Economically-developed coastal areas in southeast China, hinterland provinces, and relatively backward western regions. This is also despite the fact that, as in previous annual NPC sessions, the deputies talked about difficulties and problems in their respective areas that need to be addressed urgently.

Third, the deputies remain sober-minded, emphasizing the need to avoid seeking high growth blindly and to deepen reforms simultaneously.

In airing their views, many deputies showed a strong tendency to look at things from an international point of view. This is true not only of deputies who are economists, but also those who are local officials and business managers. Even deputies from remote parts of the country talked about their regions' opportunities of developing trade and economic cooperation with China's neighboring countries.

It is evident that this has resulted from a decade-long implementation of the country's open policy and, in particular, from an all-round opening pattern which has taken shape across the land in recent years. Further opening to the outside world, therefore, is an integral part of the current discussions on "opportunities."

Deputies, especially those among them who are local officials and economists, expressed the belief that an annual growth rate of 8-9 percent for the next three years, as set in Premier Li Peng's report, is feasible. The central government originally set annual growth at six percent for the current Five-Year Plan period (1991-95).

Deputies from some coastal provinces, which have enjoyed an economic boom for the last decade, expressed relief at the central government decision to let them develop faster than others if their conditions permit.

As a result, these deputies spent little time debating on the issue of growth rate; instead, their discussions were largely devoted to finding ways to tackle problems that are likely to crop up in their respective economies: Agriculture, infrastructure, basic industries, the service



industry, and overheating in certain economic sectors. They largely reach consensuses on these matters.

The strongest appeal was made for accelerating the construction of infrastructural facilities, transport in particular. This appeal has come from deputies from Shanxi, Inner Mongolia, Sichuan, Hunan, Hubei, Guangdong, Yunnan and Guizhou, among others.

Economists among the deputies, aware that this needs huge amounts of capital, expressed the view that money supply should expand, but only cautiously. To raise capital, they said, reforms should be carried out to establish a new investment mechanism. Some deputies raised proposals on how to channel foreign investment onto infrastructural construction and the development of basic industries.

Another hot topic of the discussions was agriculture.

Agriculture first became a central topic of the Chinese legislature in 1986, when many deputies warned of too much farmland being nibbled away by capital construction.

This time, no deputy seemed to have forgotten agriculture. It was the topic of not only deputies from agricultural provinces, but also all Chinese leaders who took part in the discussions. There are strong indications that a national consensus has been reached on the importance of agriculture for the nation.

Deputies also touched on gearing farm production to a market economy, a question of how to push farmers onto the market.

Chinese farmers have been supporters and beneficiaries of the reform policy. As Vice-Premier Tian Jiyun put it, during more than a decade of rural reforms, Chinese farmers have reaped substantial economic benefits thanks to their government-given autonomy in managing their land and marketing their produce.

Some problems now faced by the agricultural sector in some localities have not stemmed from the sector itself, but from elsewhere, such as land takeovers for purposes other than farming, a widening gap between the prices of industrial and farm products, payment of "IOU slips" for farm produce, and various kinds of fees and charges imposed on farmers.

In their group discussions, deputies proposed methods to solve these problems. They include speeding up legislation on agriculture, setting price ceilings for agricultural capital goods, offering protective prices for farm produce, and further developing township enterprises.

With regard to alleviating farmers' burden, some local officials among the deputies said the problem should be addressed by governments at all levels. The central government, for example, should pay for the construction of large water conservancy projects, they said.

Information from the NPC session shows that this year Chinese farmers will be benefited in at least two respects: First, they will be paid cash instead of "IOU slips" for their produce; and second, they will pay no charges aside from contributing a sum to a local public fund equivalent to five percent of their net income of the previous year.

Other topics of the discussions include: Changes in the way state enterprise operate, establishment of a market economy, education, government restructuring, and ways to control the widening economic gap between the country's eastern and western parts.

Deputies expressed their support for the government reform measures aimed at establishing a market economy and called for speeding up reforms in all fields.

On how to invigorate state enterprises, two subjects merits attention at the congress. First, the premier's report on government work legitimizes the shareholding system as a way of business organization in a prospective market economy. This is the first time that the system has gained formal recognition from the government.

Deputies from business circles hailed the decision and cited examples of how a shareholding system has enlivened state enterprises suffering from poor economic performances previously.

Second, some deputies complained of heavy burdens borne by state enterprises, saying the state should not "catch fish by draining the pond" and calling on the government to alleviate their burdens.

The state will have full coffers if enterprises have self-developing capabilities and improve their efficiency, they said.

Restructuring of the State Council is yet another topic deputies are concerned about. Deputies generally have high hopes for the program, pointing out that the program centering on a change of government functions suits a socialist market economy to be established in the country. They expressed the hope that even bigger steps will be taken to reform the country's administrative structure.

Of the close to 3,000 deputies, 22 percent are intellectuals, many of whom are educators. They expressed satisfaction at the part of the government work report dealing with education. They also aired their views, in specific terms, on increasing investment in education, speeding up educational reform, and improving teachers' living standards.

The deputies reacted strongly at the British Hong Kong authorities' sudden publication of the so-called "constitutional package," which they said undermined the basis for Sino-British cooperation on the Hong Kong issue.

**1st Session of 8th NPC Holds 3d Meeting**

*OW2003220493 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 20 Mar 93*

[From the "National News Hookup" program]

[Text] The First Session of the Eighth National People's Congress [NPC] held its third plenary meeting in the Great Hall of the People at 1500 this afternoon. The executive chairmen for today's meeting were Wang Hanbin, Sun Qimeng, Wang Qun, Ye Gongqi, Bai Qingcai, Li Zemin, Zhao Dongwan, and Jia Zhijie. Party and national leaders including Jiang Zemin, Li Peng, Qiao Shi, Zhu Rongji, Liu Huaqing, and Hu Jintao attended the meeting. Wang Hanbin, permanent chairman of the Presidium, presided. The meeting examined draft amendments to the PRC Constitution. According to the arrangements made by the Presidium meeting, the meeting first read the NPC Standing Committee's draft amendments to the Constitution and the CPC Central Committee's proposals and additional proposals for revising some contents of the Constitution, and requested all deputies to examine them.

Ji Pengfei, chairman of the Drafting Committee for the Basic Law of the Macao Special Administration Region [MSAR], gave an explanation on the draft Basic Law of the MSAR of the PRC, the relevant documents, and the drafting work. He said: The drafting committee has completed all its tasks of drafting the basic law after working for four years and four months. The Seventh NPC Standing Committee has submitted the draft basic law of the MSAR, draft designs of the flag and emblem of the MSAR, as well as the NPC's draft decisions drawn up by the drafting committee on the methods of establishing the legislature and judicial organs of the first government of the MSAR, and the drafting committee's proposal on establishing the MSAR basic law committee under the NPC Standing Committee to the current NPC session for deliberation.

Ji Pengfei gave an explanation on the process of drafting the Basic Law, the guiding ideology for the law, and the principal characteristics of the law. He said: The draft of the MSAR Basic Law was completed with the joint efforts of all members of the drafting committee and all the social circles of Macao as well as the active participation and support of relevant authorities of the mainland. The entire drafting process has reflected the spirit of openness and democratic consultations. He said: The basic laws of the two special administrative regions of Hong Kong and Macao are enacted according to Article 31 of our Constitution, the general principle of "one country, two systems," and the state's fundamental policy on Hong Kong and Macao. Therefore, the overall structure and major principles of the draft MSAR basic law are identical with the Basic Law of the Hong Kong Special Administrative Region.

Entrusted by the Seventh NPC Standing Committee, Peng Chong, vice chairman and secretary general of the Seventh NPC Standing Committee, delivered a work

report of the NPC Standing Committee. He said: The five years during the term of the Seventh NPC Standing Committee were a period when our country continued to advance along the path of socialism with Chinese characteristics. In the past five years, the Standing Committee has upheld Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as its guidance, guaranteed and promoted reform and opening up as its primary duty, strengthened socialist democracy and legal development as the fundamental task, upheld and perfected the people's congress system, and earnestly carried out the responsibilities endowed by the Constitution. It has made new progress in legislation, supervision, and the development of various systems, thereby ensuring and promoting the smooth process of socialist modernization and reform and openness.

The plenary meeting adopted the election and appointment rules for the First Session of the Eighth NPC. Candidates for the chairman, vice chairmen, secretary general, and members of the Eighth NPC Standing Committee; president and vice president of the PRC; chairman of the State Central Military Commission; president of the Supreme People's Court, and chief procurator of the Supreme People's Procuratorate will be nominated by the Presidium. After deliberations and consultations by all deputies, the official namelist of candidates will be determined by the Presidium according to the opinions of the majority of the deputies. The number of candidates for the premiership of the State Council is to be nominated by the president of the republic. The number of candidates for the posts of vice premiers of the State Council, state councillors, ministers, ministers in charge of various commissions, chief auditor, and secretary general of the State Council is to be nominated by the premier. The number of candidates for vice chairmen and members of the State Central Military Commission is to be nominated by the Commission's chairman. The number of members of the Eighth NPC Standing Committee is to be 155, the same as that of the Seventh NPC Standing Committee. Twenty one candidates will be nominated for chairman, vice chairmen, and the secretary general of the Standing Committee, and all of them will be elected. The number of candidates for members of the Standing Committee will be greater than that to be elected. A total of 141 candidates will be nominated but 134 are to be elected. The difference between the number of candidates and the number to be elected is seven. As for the election of the president and vice president of the PRC, chairman of the State Central Military Commission, president of the Supreme People's Court, and chief procurator of the Supreme People's Procuratorate, the method by which the number of candidates is equal to the number to be elected is to be adopted.

The First Session of the Eighth NPC will adopt the method of voting by secret ballots in conducting elections and deciding on appointments. The plenary meeting also adopted the examination procedure and election method for the draft basic law of the MSAR.

**'Excerpts' of Peng Chong Report on 7th NPC**

*OW2003215793 Beijing Central Television Program  
One Network in Mandarin 1220 GMT 20 Mar 93*

["Excerpts" of 20 March report on the work of the Seventh NPC Standing Committee, delivered by Seventh NPC Vice Chairman Peng Chong at the First Session of the Eighth NPC; from the "Special Report on the First Session of the Eighth NPC" program—read by announcer]

[Text] [Begin Peng Chong recording] Deputies, entrusted by the Seventh National People's Congress [NPC] Standing Committee, I submit this report on the Standing Committee's work over the past five years to the present session. [end recording]

Peng Chong said: The five years of the Seventh NPC Standing Committee were five years in which China continued to advance along the path of building socialism with Chinese characteristics. In the past five years, the Standing Committee persisted in taking as its guide Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, regarded the safeguarding and promotion of reform and opening up as its top priority, took the strengthening of socialist democracy and the legal system as its fundamental task, upheld and perfected the system of people's congresses, and faithfully exercised the powers vested in it by the Constitution. It has scored new progress in legislation, exercising supervision, and institutional construction, thereby guaranteeing and facilitating the smooth progress of socialist modernization, reform, and opening up.

1. Adopted better plans for legislative work and accelerated the pace of legislation.

Peng Chong said: To meet the needs of reform, opening up, and socialist modernization, the Seventh NPC Standing Committee improved planning for legislative work, exercised more effective leadership and unified coordination over legislative work, and supervised the formulation of draft laws. It adopted the measures of assigning tasks, personnel, and time limits for the drafting of laws covered by the legislative agenda; it organized experts from social circles in drafting laws, and drew on the legislative achievements and experience of other countries to accelerate the pace of legislative work. Over the past 5 years, the NPC and its Standing Committee adopted draft amendments to the Constitution, 59 laws, and 27 decisions on judicial issues—87 in all [figures as heard]. The adoption or revisions of these laws has helped to facilitate the development of all socialist undertakings.

China's ongoing modernization drive, and its continued reform and opening up require that some provisions of the Constitution be amended or supplemented. In 1988, the Standing Committee revised some provisions of the Constitution, affirming the legal status of the private economy and allowing the transfer of land-use rights in

accordance with the law. The revisions have contributed positively to China's reform, opening up, and economic construction.

The Standing Committee always gives priority to the drafting of laws relevant to economic construction, reform, and opening up; enacting 21 economy-related laws. It has also deliberated drafts of the "Corporate Law," the "Basic Law on Agriculture," and the "Law on Scientific and Technological Progress." It passed and approved 38 treaties, pacts, and agreements between China and other countries.

The Standing Committee gave priority to the formulation of laws designed to protect citizens' rights. It adopted decisions on improving all facets of public security; on banning narcotics; on punishing offenders smuggling, manufacturing, or selling pornographic materials; on severely punishing offenders who kidnap or sell women or children; and on banning prostitution, thereby safeguarding public security, public order, and social stability. To defend the political power of the people's democratic dictatorship and the socialist system, the Standing Committee also adopted the "National Security Law."

The formulation of the of Basic Law of the Hong Kong Special Administrative Region [SAR] of the PRC and the submission of the Draft Basic Law for the Macao SAR for examination by the current NPC session have great significance. They embody the great concept of "one country, two systems" and are conducive to safeguarding China's sovereignty and maintaining prosperity and stability in Hong Kong and Macao. They conform with the basic interests of the Chinese people, including compatriots in Hong Kong and Macao.

2. Carried out inspection, improvement, and supervision over implementation of laws.

China has made some improvements in law enforcement in recent years. However, existing in some localities and departments are still some serious unhealthy tendencies, such as failure to handle affairs according to law, lax law enforcement, and even replacement of law enforcement with directives by individuals or overpowering of laws with administrative power. The people are greatly dissatisfied with this. The Standing Committee clearly pointed out that it is necessary to attach equal importance to supervision over law enforcement and the enactment of laws. This has been regarded as an important measure taken to promote socialist democracy, improve the country's legal system, and enhance the management of state affairs according to law.

Over the last 5 years, the Standing Committee and special committees, with the cooperation of regional people's congresses, organized 53 inspections of the enforcement of 31 laws and six decisions; and every Standing Committee meeting included in its agenda the reports on the inspections of the enforcement of laws and seriously examined the reports. The Standing Committee urged departments concerned to solve problems



discovered during the inspections. However, work in this area remains to be improved. By ensuring that some cases of violations of the law were corrected, we ensured that laws were abided by and enforced.

Over the last 5 years, work organs of the Standing Committee studied and replied to 520 inquiries about the enforcement of laws, handled more than 390,000 letters of complaints from the people, received more than 60,000 people who came to voice their problems, ensured that more than 700 misjudged cases are corrected, and dealt with more than 400 discipline-violation cases reported by the masses. This work played an important role in preserving the dignity and integrity of the law and in ensuring the correct enforcement of relevant laws.

3. We stepped up the establishment of systems, thereby making the Standing Committee's work more regularized and systematic.

Peng Chong pointed out: Conducting work strictly according to law and established procedures is an important feature of the NPC's work. Paying attention to the establishment of democratic procedures is a requirement of democracy itself as well as a requirement for refining the legal system. Over the past 5 years, the major systems established by the Standing Committee are as follows:

1. We established certain regulations on the procedures and systems for supervisory work. The main point is that we insist every Standing Committee meeting hear and examine reports by the State Council, the Supreme People's Court, and the Supreme People's Procuratorate, focusing on economic construction and other hot issues for which the masses have shown concern; and that in the third quarter of each year the Standing Committee hear the State Council's report on the execution of planning and the budget.

2. We improved the deputies' work system.

3. Work on examining and processing deputies' motions and suggestions has gradually been systemized. Since the First Session of the Seventh NPC, deputies have put forward 2,226 motions, of which 437 have been handed to relevant special committees for examination, and the Standing Committee has approved reports on examination results. The remaining 1,789 motions were treated as suggestions. These motions, together with the 17,693 suggestions, criticisms, and opinions raised by deputies, were handed to the departments concerned for handling, and the deputies received a reply.

4. We established rules of debate and other work.

4: All special committees did their best to perform their duties and ensures that all work was properly done.

Peng Chong said: The Seventh NPC had seven special committees; all special committees actively engaged in legislative work; relevant special committees organized the revisions of some laws. The special committees earnestly conducted inspections of the enforcement of

laws; heard work reports by relevant departments of the State Council, the Supreme People's Court, and the Supreme People's Procuratorate; and assisted the Standing Committee in exercising its supervision rights according to law. The special committees also strengthened their contacts with NPC deputies and concerned committees of regional People's Congresses, and held several meetings of deputies to hear their opinions on motions and other work.

5: We insisted on doing work according to the law and on properly conducting elections for new terms. Elections of regional people's congresses for new terms are an expressive practice of socialist democracy with the participation of hundreds of millions of people, as well as an important way for exercising the people's right to be their own master. Over the past five years, two elections for new terms were conducted in the country. The Standing Committee and its work organs earnestly organized these elections, made proper arrangements for them, and provided necessary guidance and services. In particular, the Standing Committee insisted on conducting according to law elections with more candidates than posts and on the system in which representatives of voters jointly nominate candidates. We emphasized that, to nominate candidates we must follow the mass line and conduct adequate deliberations and consultations. We also should affirm and promote the practice and experience of taking various means to profile candidates. We emphasized that the will of voters and deputies must be respected and that everything should be based on the results of legal elections. The Standing Committee resolutely corrected acts that violated the principle of democratic election and the legal election procedures.

6. We actively conducted activities related to foreign affairs and developed contacts and cooperative relations with foreign parliaments.

Peng Chong pointed out: The Standing Committee firmly followed our independent foreign policy of peace. Aiming at making more friends, doing more work, and promoting mutual understanding and cooperation, we promoted exchanges with foreign parliaments. Over the past five years, the Standing Committee and various special committees sent 67 delegations to visit 123 countries and international parliamentary organizations. The NPC has established relations with the parliaments of more than 130 countries and has established bilateral friendship groups with the parliaments of 27 countries. The NPC and relevant special committees also made necessary representations to and struggled against some foreign governments, parliaments, and international parliamentary organizations for interfering in our country's internal affairs. Through conducting an active and offensive diplomacy, the Standing Committee advanced nation-to-nation relations and played an active role in preserving world peace and in developing China's relations with foreign countries in the economic, scientific, technological, cultural, education, and other fields. At the same time, we also learned some beneficial experiences through our contacts with foreign parliaments.

Peng Chong said: The Constitution stipulates that the NPC is the supreme organ of state power and that the NPC Standing Committee is the standing body of the NPC. With the joint efforts of all members that made up the Seventh NPC Standing Committee, the Standing Committee has made new progress in its work and has accomplished its historic mission. Our work still lags quite far behind constitutional requirements and the people's expectations. The main problems are that our economic legislative work cannot meet the needs of development, our efforts to correct some constitution-violating and law-violating incidents are not effective, and our contacts with NPC deputies and standing committees of regional people's congresses are inadequate. We need to pay attention to and solve these problems. To meet the needs of economic reform and development, we must actively advance reform of the political system to achieve greater progress in the development of socialist democracy and in promoting rule by law. Promoting socialist democracy and rule by law is the country's long-term and fundamental policy. We must have a better legal system to support our efforts to establish a socialist market economic system. Currently, we have not enacted some laws urgently needed for regularizing the major behaviors of the market economy, for maintaining market economic order, and for improving macro-regulation and control. Therefore, quickening the pace of our legislative work is a matter that brooks no delays. The Standing Committee also needs to strengthen its inspection of and supervision over the enforcement of laws, especially the Constitution. We need to continue to advance the building of the Standing Committee's organization system and the building of special committees; we need to strengthen our relations with deputies and regional people's congresses; we need to give better play to NPC deputies' role.

In conclusion, Peng Chong said: [Begin Peng Chong recording] We believe the Eighth NPC Standing Committee's work will be better and more fruitful, and will make new and greater contributions to quickening the pace of reform, opening up, and the socialist modernization drive. [end recording]

#### **Former Ambassador to U.S. on Relations**

OW2003043793 Beijing XINHUA in English  
0317 GMT 20 Mar 93

[Report on interview with Zhu Qizhen, former Chinese ambassador to the United States, by unidentified XINHUA correspondent; place and date not given]

[Text] Beijing, March 20 (XINHUA)—"If the U.S. doesn't come, Japan and Europe will," said Zhu Qizhen, former Chinese ambassador to the U.S., referring to the attraction of China's huge market in an interview with XINHUA focusing on Sino-U.S. relations.

"The U.S. is an economic superpower, with advanced science and technology, but it also has strong competitors," Zhu said. "China has a huge market. If the U.S. doesn't come, Japan and Europe will."

Zhu has just left his post as Chinese ambassador to the U.S. and is now in Beijing attending the First Session of the Eighth National People's Congress (NPC) as a deputy of Henan Province.

Development of friendly relations and cooperation between China and U.S. is not only beneficial to the two countries and peoples, but also to peace and stability in Asia and the rest of the world, Zhu said.

Zhu said U.S. is now China's third biggest trading partner, after Hong Kong and Japan, and China has jumped to the U.S.' eighth biggest trading partner from 13th several years ago.

However, he said, some people in the U.S. Congress have been exerting pressure on China with the issue of China's "most-favored nation status" in an attempt to interfere in the internal affairs of China.

"China is firmly opposed to this," said the career diplomat. "If something which we are not willing to see should happen in Sino-American trade and economic relations, the United States would also suffer big losses."

Zhu talked about fierce international competition for the China market as its economy booms and its investment environment improves.

Zhu cited an example. In 1983, when China was looking for a cooperative partner for the construction of a nuclear power plant, it went to the U.S. first, but the U.S. procrastinated time and again until 1986, when it was too late.

"The U.S. Government should reduce troubles and avoid confrontation, allowing Sino-U.S. relations to improve and develop," he said.

Speaking of obstacles that have emerged in Sino-American relations, Zhu said that in the U.S. there are always some people who want to attack China and interfere in China's internal affairs by making fusses on the issues of Tibet, Taiwan, Hong Kong and human rights.

Referring to the recent failure to put to a vote a draft resolution on China's human rights filed by the U.S. and some other western countries in an international meeting, Zhu said, "This proves that the U.S. move doesn't sell in the world."

During his term of office in the U.S., Zhu said, he had found that the U.S. people are very friendly towards the Chinese people and that U.S. economic circles are very interested in developing mutually-beneficial economic and trade ties with China.

Said Zhu, "Premier Li Peng said in his report on government work that China has always attached great importance to Sino-US relations and that relations will improve and develop if the U.S. administration abides by the principles of the three Sino-US joint communi-

"From my experience as Chinese ambassador to the U.S., Sino-US relations will develop smoothly so long as the U.S. abides by those principles; difficulties will arise if the U.S. does not."

He expressed the hope that the new U.S. Government would size up the situation, adopt a sensible policy, and promote mutual trust and cooperation between the two countries.

### **Establishment of Hong Kong Group 'Likely'**

*HK2203063093 Hong Kong WEN WEI PO in Chinese 22 Mar 93 p 2*

[Dispatch from Beijing by staff reporting group: "Zhou Nan Talks About Working Group for Special Administrative Region Preparatory Committee, Stressing That It Is Very Possible That the NPC Will Approve a Proposal To Set Up the Group"]

[Text] Beijing, 21 Mar (WEN WEI PO)—Zhou Nan, director of XINHUA Hong Kong branch, said here this evening that it is very likely that the current National People's Congress [NPC] will adopt a motion proposed by the Guangdong delegation on the early establishment of a working group for the preparatory committee of the Hong Kong Special Administrative Region [SAR]. Regarding members of the working group, a Chinese source believes that Hong Kong people will account for a large proportion, while on the Chinese side officials of the Hong Kong and Macao Affairs Office will be included.

While attending a banquet this evening, Zhou Nan, who is a member of the presidium of the First Session of the 8th NPC, said that it is logical that deliberation of the motion should be conducted in light of procedural rules. Moreover, the results will be announced before the conclusion of the NPC session.

Above all, Zhou Nan pointed out, as many Hong Kong and Macao deputies and members to the NPC and CPPCC had issued a statement urging the central government to start preparation for the SAR government's work at an early date, the whole of the Guangdong delegation of more than 100 deputies submitted a motion to the NPC Presidium calling for the early establishment of a working group for the SAR preparatory committee.

Now, the motion has been presented to the NPC Presidium. Regarding the motion, Zhou Nan said that the NPC Presidium will of course take the motion into account, consider in light of the rules of procedure whether it should be presented to the congress, what form should be adopted in presenting the motion, and discuss the specific wording. As the work is still under progress and consideration, Zhou Nan said that it would be inappropriate to make any comment at the moment. Nevertheless, he said that "since the motion has been

proposed, it is very likely that it will be adopted; relevant decisions will be made before the conclusion of the congress."

When asked whether the establishment of a working group would become a second power center for Hong Kong, Zhou Nan replied that it is clearly indicated in the wording of the motion. The working group will converge with the preparatory committee to be set up in 1996, and its purpose is to make preparations for the preparatory committee. When the Hong Kong SAR preparatory Committee is set up in 1996, the working group's mission will have been accomplished.

When asked about the composition of the working group, Zhou Nan said that it was too early to discuss the question. In light of the rules of procedure, practical operations will be considered after its adoption.

However, a Chinese source disclosed that if establishment of the working group authorized by the NPC Standing Committee is adopted by the Congress, its members would include Hong Kong deputies to the NPC, Hong Kong members of the CPPCC, Hong Kong affairs advisers, and mainland experts. Hong Kong people may account for a bigger proportion. In addition, officials of the Hong Kong and Macao Affairs Office would also join the group's work.

### **Committee To Propose Repeal of Laws**

*HK2203002593 Hong Kong SOUTH CHINA MORNING POST in English 22 Mar 93 pp 1, 5*

[By Fan Cheuk-wan in Beijing and Lana Wong]

[Text] The group China appoints to help set up the powerful Special Administrative Region (SAR) Preparatory Committee will be led by Chinese officials in charge of Hong Kong affairs, but more than half its members will come from Hong Kong.

Chinese sources said the working group would be set up in Beijing by the middle of this year, after the National People's Congress (NPC) Standing Committee finalized its organization, composition and responsibilities.

It would work from Beijing to minimize political sensitivity about the threat of a "second power centre" in or near Hong Kong.

"To ensure it is acceptable to Hong Kong people, more than half of its members will be Hong Kong residents. This arrangement is in line with the NPC resolution on the composition of the SAR Preparatory Committee," sources said.

It is understood the so-called new "kitchen" would be further divided into sub-groups on political, economic, legal and social affairs, similar to the structure of the Basic Law Drafting Committee.



The total number of members, who will be invited to join, is likely to be decided by the NPC Standing Committee in the next two months, sources said.

Another Chinese source claimed Chinese officials from the State Council's Hong Kong and Macao Affairs Office and the local branch of the New China News Agency (NCNA) [XINHUA] would feature prominently on the list.

"Mainland legal experts will be invited to sit on its as will Hong Kong NPC deputies, Hong Kong members of the Chinese People's Political Consultative Conference and Hong Kong affairs advisers," the source said.

Speaking at a cocktail reception last night, NCNA director Mr Zhou Nan said the working committee should "converge with" the SAR Preparatory Committee to be set up in 1996.

According to the NPC resolution in 1990, the SAR Preparatory Committee will comprise mainland and Hong Kong members, with not less than 50 percent of its members coming from the territory.

The Guangdong NPC delegation on Saturday proposed the NPC pass a resolution on the setting up of the committee that precedes the SAR Preparatory Committee.

The motion also proposed authorizing its Standing Committee to decide and take charge of the formation of the initial committee.

Being a member of the NPC presidium, Mr Zhou believed the resolution would likely be passed by the full session since it was put forward in the form of a joint motion with the Guangdong NPC delegation.

"The other provincial NPC delegations will consider our proposal seriously and it is highly likely to be passed," he said.

Mr Zhou dispelled worries that the committee would become a second power centre in Hong Kong, stressing that its aim was to start work on establishing the SAR Preparatory Committee.

According to the NPC resolution, the SAR Preparatory Committee is responsible for the formation of the first SAR Government and the "Selection Committee", which will be set up in 1997 to select the first chief executive.

Professor Xu Chongde, a former Basic Law drafter, said the group should be responsible for working out concrete proposals on transitional arrangements, which should be designed to ensure convergence with the Basic Law.

"Take for example, the legal sub-group of the working committee should study the existing Hong Kong laws in order to screen out those bill which have breached the Basic Law," he said.

"Then the working committee will make recommendations to the NPC Standing Committee on which local laws should be scrapped after 1997, such as the Bill of Rights," he said.

"The detailed electoral arrangements for the first legislature and the concrete regulations determining which members of the pre- 1997 legislature will be allowed to get on the through train to straddle 1997 will be worked out by the political sub-group of the committee," he said.

In Hong Kong, legislators Miss Emily Lau Wai-hing and Mr Szeto Wah said the early formation of a special committee was in breach of the Basic Law.

Miss Lau said the Basic Law only stated that a preparatory committee would be set up in 1996, not now.

This would be damaging to the prosperity and stability of Hong Kong because the working committee would become a second power centre, she said.

Mr Szeto, of the United Democrats of Hong Kong, felt it undesirable to bring forward the date of setting up a committee to prepare for the SAR government.

He was also unhappy that the Guangdong delegates to the NPC had interfered with Hong Kong's affairs well before China's resumption of sovereignty.

#### **Senior Leaders Stress Goal of 'Common Affluence'**

*HK2003041393 Hong Kong SOUTH CHINA  
MORNING POST in English 20 Mar 93 p 10*

[Unattributed report]

[Text] Senior Chinese leaders have sought to assure the poorer regions that they will never be forgotten in the country's drive to accelerate economic growth.

Stressing that they were aware of the existing gap between the rich and poor in the socialist country, central leaders have reaffirmed the goal of "common affluence" and promised to pump more funds into the lesser-developed regions to improve their economies.

Speaking at a group discussion session of Shanxi delegates, Vice-Premier Mr Zhu Rongji said senior leader Mr Deng Xiaoping was also concerned with the development of the poor inland areas.

"He has given many instructions and made concrete suggestions to ensure that heartland provinces can develop together with the southeastern coast, and that they can achieve joint prosperity," Mr Zhu said.

Because the central and western inland areas had plentiful supplies of raw materials, the relaxation of prices and means of production would make these areas become rich, he said.

But the central and western regions should first improve their transport networks, including railways, highways, airports and ports, to facilitate the flow of manpower and technology, he added.

Mr Zhou also urged state-owned enterprises in these areas to help the development of township enterprises by investing in the township to upgrade their technology and management.

He said the township enterprises in these areas could specialise in the supply of raw materials and mineral products.

Politburo member Mr Qiao Shi, speaking yesterday to delegates from the remote northwestern province of Qinghai, said the central government would introduce more policies preferential to the region.

Mr Qiao, who is slated to become NPC chairman at the end of the month, urged Qinghai to make use of its rich natural resources to speed up its economic development.

"The eastern and western parts of China will go down the road of common prosperity," the China News Service quoted Mr Qiao as saying.

"I believe there is a bright future for Qinghai," he said.

In an interview with the SOUTH CHINA MORNING POST yesterday, the provincial governor of Gansu, Mr Yan Haiwang, said: "The central leadership is beginning to show more concern about the central and western region."

"We had had bad feelings in the past about the big gap between the lives of the rich in the coastal regions and the poor in the central and western parts of the country."

"The central government has given more funds for coastal regions to develop in the past," he said.

Mr Yan, who was named governor in February, indicated that the problem of unbalanced development and the income gap had had broad implications.

"It's not just a matter of economic development if the economy of the central and western region does not prosper. It will be a social problem."

Mr Yan added: "From our point of view, we think the total funds allocated by the central government for us is inadequate."

But we can't ask for more in face of the financial situation of the central government."

The governor noted that the growth of the coastal regions would facilitate development in the less developed regions, which have their strengths in other areas, in particular, natural resources.

As well as central funding, Mr Yan said the province would seek funds from other provinces through the issuing of shares and bonds.

Foreign investors would also be encouraged to invest in enterprises, he added.

### Anhui Deputies Meet To Discuss Economic Growth

OW2003043993 Beijing XINHUA in English 0347  
GMT 20 Mar 93

[Text] Beijing, March 20 (XINHUA)—Rapid economic growth will come only to provinces which know how to use their special natural conditions to their advantage, according to deputies to the National People's Congress from Anhui Province.

Wang Shengbang, mayor of Tongling, said his city had started a general discussion on how to find "a breakthrough point" in speeding up local economic development. The discussion resulted in a sharpened awareness of the abundant natural resources of the city, the second largest copper producing base in China, as well as the need to revitalize the many state-owned enterprises there.

Steps taken afterwards helped local economy break free of some restrictions of the traditional planned economic mode. In changing the way state-owned enterprises operate, mandatory production plans have been reduced by two-thirds, with GDP [gross domestic product] growth reaching 15.8 percent.

"Practice over the past year and more shows that a faster economic growth rate can be achieved with creative work based on local conditions," said Wang.

Wu Chunxin, mayor of Huangshan, attributed his city's high GDP growth of 13 percent to a policy of fully utilizing local tourist resources. Inter-provincial cooperation has been developed in this regard, he said.

Last year, expansion of the service industry accelerated, with special efforts devoted to developing natural landscapes and sites of cultural and historical interest, he said. For example, most of last year's 31 foreign-invested projects were in the service trade.

Currently 75 percent of the city's GDP comes from tourism-related sectors, while the tertiary industry alone produces 32 percent.

Wuhu, a traditional commerce and trade center sitting on the Yangtze River, last year started massive construction of different kinds of markets, with emphasis on commerce, trade, finance, real estate, communications, posts and telecommunications, according to the city's mayor Zhang ping, also an NPC deputy.

That led to a 17 percent GDP growth, with the proportion of the tertiary industry going up to 30 percent of the local economy, he said.

"If you only follow the foot-steps of other people, without being aware of your own strong and weak points, you can hardly expect to achieve fast growth," he said.

Therefore, Wuhu will continue to develop as a commercial and trade center, he said.

### **Qiao Shi Speaks With Guangdong Deputies**

*OW2003152893 Beijing XINHUA in English 1512  
GMT 20 Mar 93*

[Text] Beijing, March 20 (XINHUA)—Both central and provincial leaders have addressed the question of how Guangdong, a pioneer province in China's reform and opening, should further develop in face of the country's all-round opening at the current session of the National People's Congress.

Joining a meeting of NPC deputies from Guangdong, Qiao Shi, a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, urged the province to "be bolder and take bigger steps" in future development.

Guangdong has been leading the nation in reform and opening in the past decade and more, Qiao noted, urging the province to continue advancing in next 10 years and beyond.

The province has gone through twists and turns in the course of development, he recalled. In some instances, it was due to the problems in its own work; in other instances, it was due to temporary misunderstandings. So long as one follows Deng Xiaoping's advice to persist in what is right and correct in good time what is wrong, one has nothing to be afraid of, Qiao said.

Noting that pioneering work always involves risks, he said he hoped that Guangdong will be bolder and take bigger steps, and continue to take the lead in the nation's reform and opening.

Also, Guangdong should continue to provide experiences for the rest of the country, he said.

In stressing the important role of building up the legal system in the process of establishing a socialist market economy, Qiao said Guangdong should also lead the nation in making laws on economic matters, and explore ways to promote democracy and strengthen the legal system in the light of China's realities.

Socialist democracy should be "lively rather than lifeless," he said. "Thus, the initiative of the people will be brought into full play."

Last year, the province set itself the goal of catching up with the medium developed countries in 20 years. It will have to keep up a GNP growth of 13.4 percent in the first decade, and 12.4 percent for the second.

Meanwhile, the province has lost much of the edge it used to enjoy in terms of preferential policies, which have spread to other parts of the country as China opened wider.

That is why Guangdong Governor Zhu Senlin, also an NPC deputy, said at one of the meetings in Beijing that

he felt pressure and at the same time saw advantages with regard to the province' future development.

Citing the restraints of future growth, Zhu said that the infrastructure sectors, including energy resources, communications and tele-communications, still lag behind the economic growth, and so do undertakings of education, science and technology. Despite the fast economic growth especially in the coastal areas, the 49 poorer, hilly counties in northern Guangdong still hinder an overall development of the province's economy.

However, Zhu said, the province continues to enjoy advantages. It remains an attractive spot for foreign investment, and the special economic zones, open zones, economic and high-tech zones as well as open cities join to constitute a good basis for future economic development. Besides, of the 30 million overseas Chinese and Hong Kong and Macao compatriots, two-thirds are native to Guangdong, an advantage no other province or city in China enjoys.

Balancing the favorable and unfavorable factors, Zhu said he is "full of confidence" that the province will achieve the goal of reaching the level of medium-developed in two decades in terms of comprehensive economic strength.

### **State Council Restructuring Program Approved**

*OW2203030493 Beijing XINHUA in English 0253  
GMT 22 Mar 93*

[Text] Beijing, March 22 (XINHUA)—A restructuring program for the State Council was approved by the First Session of the Eighth National People's Congress (NPC) here today.

The program was put to a vote at the session. The result was 2,274 votes in favor, 210 against and 292 abstentions. Forty deputies did not push the button on voting machines.

According to the program, the State Council, the highest governing body in China, will consist of 41 ministries and commissions and 18 organizations and administrative offices directly under its leadership. That will come to a total of 59, 27 fewer than the number now. The size of their staff will be cut by 20 percent.

Ren Jianxin, president of the Supreme People's Court, delivered a work report today about the Supreme Court. He reviewed achievements of people's courts at all levels in the past five years.

He said main tasks for people's courts in the future will be: to continue strengthening the trial of criminal, civil, economic, administrative and maritime cases, to crack down on severe criminal and economic offenses, to protect the rights and interests of citizens and legal persons, to safeguard and supervise administrative departments in their exercise of power, and to provide



jural guarantees and legal services for state safety, social stability and the establishment of a socialist market economy.

Liu Fuzhi, procurator-general of the Supreme People's Procuratorate, delivered a report on the work of the Supreme Procuratorate. He said in years to come procuratorates at all levels should crack down on economic crimes, various hostile forces and criminal offenses, infringement on democratic rights of citizens and the abuse of power, with a view to ensuring a smooth progress of reform, opening up and the modernization drive.

Lei Jieqiong, an executive chairman of the Presidium, presided over the meeting today.

### Decision on Plan

OW2203062893 Beijing XINHUA Domestic Service in Chinese 0529 GMT 22 Mar 93

[Decision of the First Session of the Eighth National People's Congress on the State Council's Organizational Restructuring Plan—adopted by the First Session of the Eighth NPC on 22 March]

[Text] Beijing, 22 Mar (XINHUA)—The First Session of the Eighth National People's Congress has examined the State Council's Organizational Restructuring Plan and the explanation made by State Council Secretary General Luo Gan on this restructuring plan. The session has decided to approve, in principle, this plan.

### Personnel Minister on Government Restructuring

OW2003133693 Beijing XINHUA in English 1318 GMT 20 Mar 93

[Text] Beijing, March 20 (XINHUA)—The soon-to-start government restructuring in China will not end up with another expansion of government size, Chinese Minister of Personnel Zhao Dongwan said here today.

Zhao expressed the view at a group discussion on Premier Li Peng's report on government work, which is part of the agenda of the Eighth National People's Congress (NPC) now in session in the Chinese capital.

A plan on reforming the structure of the State Council, China's highest government body, has been submitted to the ongoing NPC session for examination and approval. Zhao said the plan suits Chinese conditions.

China carried out similar reforms before, but every one of them, which originally aimed to simplify the administrative structure, ended up with a structural expansion, Zhao said.

"We've seen a vicious cycle of streamlining—expansion—streamlining again—another expansion," he said.

In order to avoid such a situation from happening again, Zhao said, the prospective reform will have three supportive measures: 1. Emphasis on a change of government functions; 2. A corresponding reform in the personnel system: a civil service system will be established and reform of the pay system carried out after the restructuring or during the latter period of the restructuring; and 3. Control on staff size by legislative and budgetary means.

Zhao said he supported the principles for the government restructuring program advanced by Premier Li Peng in his report on government work. He put forward six specific principles for the restructuring:

- effecting a change of government functions, which is the key to the reform's success. This means a separation of the functions of the government and those of the enterprise. Government functions will be limited to overall planning, policy formulation, provision of information and services, coordination, and supervision.
  - promoting changes in the way enterprises operate, transferring powers to lower levels, and pushing enterprises onto the market.
  - promoting the development of a nationwide barrier-free market.
  - rationalizing relations between the central and local governments, and between departments, for a smooth operation of the national economy.
  - simplifying administrative structure and improving work efficiency. Nationwide, 26.64 million people now work in government and government-sponsored institutions, of whom 9.2 million are on the payroll of party and government departments. The number of these two categories of employees will be cut.
  - carrying out the reform in accordance with local conditions. Reform priorities and requirements will be different for the country's 30 provinces, municipalities and autonomous regions, 476 cities, and 1,894 counties.
- Many deputies attending the current session of the Eighth NPC expressed worries over the emergence of government department-turned-corporations, which are corporations in name but continue to have administrative functions.
- Zhao said the appearance of sham corporations has resulted from a failure to separate the functions of the government and the enterprise.

"The problem can be easily solved if a real separation of the two is accomplished," he said.

**Procuratorate Report To Warn of 'Class Struggle'**

HK2203010593 Hong Kong SOUTH CHINA  
MORNING POST in English 22 Mar 93 pp 1, 8

[By Chris Yeung in Beijing]

[Text] The head of China's prosecution organ has warned that class struggle fomented by hostile international forces could be intensified and jeopardise the country's modernization drive. The president of the Supreme People's procuratorate, Mr Liu Fuzhi, says: "We have to see with a sober mind that class struggle will exist over a long period of time within certain areas in our society because of domestic and international factors."

"Under certain circumstances, it (the struggle) could be intensified," he says in a report to be tabled today at the ongoing National People's Congress [NPC] plenum.

In a copy of the report obtained by the South China Morning Post, Mr Liu warns against laxity over the threat from the so-called "peaceful evolution" against the socialist country. "In the process of socialist modernization, (the struggle between) peaceful evolution and anti-peaceful evolution will co-exist over a long period. We must not relax our alertness."

Rhetoric on "peaceful evolution", China's catch phrase for Western bourgeois influence, grew in the aftermath of the June 4 crackdown. But it has been toned down over the past year as China tried to impress the world with its determination to hasten economic reforms and throw wider its door.

Reviewing the past five years of work and looking ahead, Mr Liu emphasises the imperative to maintain political and social stability by promoting the development of democracy and the legal system to contribute to the cause of quickening economic reforms and modernization. He stresses that China is politically and socially stable and buoyant economically. The social order in most of the country of 1.13 billion people has been "good and relatively good", says Mr Liu.

He notes rampant growth in criminal activities in a small number of places, but says such activities have been brought under control by a series of severe crackdowns. Social order in a "very small number of places" remains "chaotic", Mr Liu says. In spite of remarkable achievements in fighting corruption, much still needs to be done to promote a cleaner government.

In a clear move to assuage public discontent over government corruption, Mr Liu puts the battle against bribery and corruption as the procuratorate's major task in the past five years. From 1988 to 1992, procuratorate organs at all levels handled a total of 214,318 cases related to corruption and bribery. More than 95,000 people were prosecuted and a total of 2.18 billion yuan (HK\$2.93 billion) in bribes was handed to the authorities. Over the same period, more than 2.9 million people faced criminal charges in court. A further 871,922 people

were arrested for "serious crimes", with 102,083 people arrested for taking part in crime syndicates.

Mr Liu says in the report that procuratorate organs have also worked closely with police and national security bodies, China's secret police, to crack down on counter-revolutionary activities that were aimed at toppling the regime and endangering national security.

The prosecution head insists his department has also defended the civil rights of the masses such as their democratic and personal rights. "It is groundless and unreasonable for some Western countries to attack us over the question of 'human rights'," he says.

Insisting that prosecution work must serve economic development, Mr Liu says the work should not interfere with the lawful rights and benefits of the operators in business and that a normal economic order must not be disrupted.

The president of the Supreme People's Court, Mr Ren Jianxin, has also conceded that the social order in some places remains poor and that the number of serious criminal cases has continued to rise. Serious crime in some places has been rampant, Mr Ren says in his work report, which will also be tabled at today's NPC session.

Over the past five years, the courts have handled about two million criminal cases, 422,991 of them last year. The tally of criminal cases handled by courts has increased by 7.9 percent annually, according to Mr Ren. He pledges to continue the massive crackdown on serious crime, eradicate the social evils, impose heavy penalties for economic crimes and intensify the struggle against corruption.

**Eighth CPPCC National Committee**

**Li Peng, Others Attend 2d CPPCC Meeting**

OW2003041393 Beijing XINHUA Domestic Service in  
Chinese 0956 GMT 19 Mar 93

[By reporters Zou Aikou (6760 1947 0948) and Hu Xiaomeng (5170 2556 1125)]

[Text] Beijing, 19 Mar (XINHUA)—The First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] held its second full meeting this afternoon at the Great Hall of the People during which four responsible persons of democratic parties made important suggestions and expressed opinions on behalf of their respective parties on topics ranging from transformation of enterprises' operating mechanisms to deepening reform of the system of scientific and technological structure, the reunification of the motherland, and other issues.

Executive chairmen of today's meeting were Wu Xueqian, Ngapoi Ngawang Jigme, and Hong Xuezhi. Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier

of the State Council; Zhu Rongji, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council; Wei Jianxing, member of the Political Bureau of the CPC Central Committee and member of the Secretariat under the CPC Central Committee; and other comrades attended the meeting as observers and heard the opinions of CPPCC members.

Wan Guoquan, representing the Central Committee of the China Democratic National Construction Association, suggested that the CPC Central Committee and the Central Government pay special attention to the transformation of operating mechanisms in state-run enterprises over the next several years; to further straighten up relationship of property rights; step up changing government functions; take effective measures to help older enterprises overcome difficulties; and strengthen legislature and enforcement of laws as well as supervision and control over implementation of law.

Wan Guoquan called on "the National People's Congress [NPC] to quicken the pace of deliberating relevant laws, including the 'Corporate Law,' the 'Law Against Unfair Competition,' the 'Pricing Law,' the 'Law on Protection of Employment,' and the 'Banking Law,' so as to ensure that the socialist market will be on the right track at the beginning of its establishment."

Chen Xuejun, a representative of the Jiusan Society, which is mainly composed of senior and middle-rank intellectuals from science and technology circles, proposed: "It is necessary to rely on scientific and technological progress in a down-to-earth manner and boost the economy as quickly as possible." Toward that end, he suggested that government straighten up the leadership and enhance coordination and management in work. He also proposed, as a first step, establishing an expert consultancy committee under the State Council to coordinate the work of various ministries and commissions and to assist the government in policymaking on science and technology. If conditions permit, a unified and nonadministrative state top consulting organ should be established on policymaking in science and technology. In addition, he called for increasing investment in science and technology; promoting the development of a technology market; and doing a good job on importing, assimilating, and absorbing technologies as well as on technological renovation.

Lu Rongshu, a representative of the Chinese Zhi Gong Dang, proposed strengthening the work on Overseas Chinese affairs to make it better to play the role of a bridge for economic construction.

The Chinese Zhi Gong Dang is composed of representatives of returned Overseas Chinese and relatives of Overseas Chinese. Lu Rongshu suggested further implementation of the "Law on Protecting the Rights and Interests of Returned Overseas Chinese and Their Relatives." Noting that eight provinces and municipalities have already formulated measures on implementing the

law, he called on other provinces, autonomous regions, and municipalities to step up work in this regard; he also called on the State Council to work out measures on implementation of the law at the earliest date possible.

At today's meeting Jia Yibin delivered a speech entitled "Resolutely Oppose the Splitting and Promote the Motherland's Reunification" on behalf of the Revolutionary Committee of the Chinese Kuomintang. He said the 1990s is an important decade for realizing the motherland's peaceful reunification, and that with the dates of Hong Kong and Macao's return to the motherland drawing near, the Taiwan issue will become great for us. In view of the development of the international situation and the changes in the political situation on Taiwan, it is necessary for us to treat the Taiwan issue with a sense of urgency, as well as with a sense of responsibility to history, and to take effective measures to stop any attempts to split the country and to promote the development of the cross-strait relations toward unification.

Jia Yibin was also convinced that whatever tortuous road may emerge in the course of motherland's unification, the tide of history and the will of the people will be eventually irresistible. As long as all the people of the Chinese nation forge ahead in unity, we will surely see the day of a united China.

Lie Yujie, Fan Haishan, Jiao Liren, Zhou Tongshan, and Wang Shiyong also spoke at the meeting on strengthening the reserve force of agriculture, on alleviating farmer's burdens in a down-to-earth manner, on quickening development of railway and energy constructions, on reform of the financial system, and on other issues.

Attending today's meeting and seated at the rostrum were: Ye Xuanping, Yang Rudai, Wang Zhaoguo, Seydin Aze, Zhao Puchu, Qian Weichang, Hu Sheng, Qian Zhengying, Su Buqing, Ding Guangxun, Dong Yinchun, Sun Fuling, An Zijie, and Ma Wanqi, executive chairmen of the Presidium of the meeting; Song Demin, secretary general; and members of the Presidium.

#### **Li Ruihuan, Deputies View Hong Kong Situation**

*OW1903142093 Beijing XINHUA in English 1402 GMT 19 Mar 93*

[Text] Beijing, March 19 (XINHUA)—Li Ruihuan, an executive chairman of the presidium of the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC), said here today, "We will absolutely not back down on matters of principle involving national dignity and interests."

Li, who is also a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), made this remark when he talked about the Hong Kong issue at a group discussion of Hong Kong and Macao CPPCC members attending the ongoing session of the Eighth CPPCC National Committee.



Li said, Hong Kong and Macao will return to the motherland in 1997 and 1999 respectively and the CPPCC members from these two regions can play an important role in the smooth transfer of power in the two regions.

Talking about the Hong Kong issue, Li said, implementing the policy of "one country, two systems," effecting a smooth transition in Hong Kong and maintaining its long-term prosperity and stability reflect not only the wish and interests of Hong Kong compatriots but also those of all the Chinese people.

He said the Chinese Mainland, where a modernization drive is underway, needs a stable and prosperous Hong Kong.

Li expressed his appreciation of the great contributions made by Hong Kong compatriots to the mainland's economic development in the past decade and more.

He said the current issue concerning Hong Kong is not a question of having democracy or not there, but a question of how to maintain Hong Kong's prosperity and stability in the remaining years before its return to the motherland.

Obstacles created by the British Hong Kong authorities for Sino-British consultations can only damage Hong Kong's prosperity and stability and harm the interests of its residents, he noted.

Li said, on the premise that principles be adhered to, the Chinese government will continue to seek ways to effect a smooth transition in Hong Kong.

Ye Xuanping, Wu Xuanqian [name as received] and Wang Zhaoguo were also present at the group discussion today.

#### **Says Foreigners Must 'Get Out'**

*OW1903211593 Beijing XINHUA Domestic Service in Chinese 1224 GMT 19 Mar 93*

[By reporters Sun Chengbin (1327 2110 2430) and Chen Jianshan (7115 1696 1472)]

[Text] Beijing, 19 Mar (XINHUA)—Liu Ruihuan, presiding executive chairman of the Presidium of the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC), who is also a member of the Standing Committee of the Political Bureau of the CPC Central Committee, today discussed the Hong Kong issue with members of the CPPCC National Committee from Hong Kong and Macao. He emphatically pointed out: We will absolutely not back down on matters of principle involving national dignity and interests.

This morning, Li Ruihuan, Ye Xuanping, Wu Xueqian, Wang Zhaoguo, and Song Demin went to Beijing Guibinlou [hall of distinguished guests] Restaurant, where members of the CPPCC National Committee from Hong

Kong and Macao were holding a group discussion, to cordially meet and talk with members of the CPPCC National Committee.

Li Ruihuan said: In the current session of the CPPCC National Committee, the number of members from Hong Kong and Macao has increased to represent both places. It will have a positive influence on hearing the voices of compatriots from Hong Kong and Macao at the CPPCC session and on performing the functions of political consultation and democratic supervision. In addition, it can broaden our vision and help solve our country's political, economic, and other problems. He said: Hong Kong and Macao will return to the motherland in 1997 and 1999, respectively, and the CPPCC members from those two regions can play an important role in the smooth transfer of power in the two regions.

In talking about the Hong Kong issue, Li Ruihuan said: Implementing the policy of "one country, two systems," effecting a smooth transition in Hong Kong, and maintaining its long-term prosperity and stability reflect not only the wish and interests of the Hong Kong compatriots, but also those of all Chinese people. China is embarking on a massive modernization drive and needs a stable and prosperous Hong Kong. Over the past decade and more, compatriots in Hong Kong have played a positive role and made great contributions to the mainland's reform, opening up, and economic construction. Our goal is to continuously maintain stability and prosperity in Hong Kong.

Li Ruihuan emphatically pointed out: The current issue concerning Hong Kong is not a question of having democracy or not. Democracy is a symbol of social progress, and is something sought by all Chinese people, including compatriots in Hong Kong. Now the question is whether we want to maintain Hong Kong's prosperity and stability in the remaining years before its return to the motherland. The British Hong Kong authorities have contravened the Sino-British Joint Statement, the Hong Kong Basic Law, and agreements and understanding already reached between the two sides. The British Hong Kong authorities have created new obstacles for Sino-British consultations. All these can only damage Hong Kong's prosperity and stability and harm the interests of compatriots in Hong Kong. Li Ruihuan said: Democracy, just as its name implies, means people are the masters of a place. The foreigners used rifles and guns to invade and occupy China's place and made indiscreet remarks and criticism against the Chinese people. Can this be called democracy? If we want to talk about democracy, you must first get out! [shou xian jiu gai ni zou lu 7445 0341 1432 6115 0132 6382 6424] For more than 100 years, they never talked about democracy. With only a few years left, they have started to talk loudly about democracy. What kind of good intention is that! He said: Following the Opium War, the Chinese people have been bullied by other people for more than 100 years. The era when the Chinese people could be pinched and bullied by foreigners at will has gone forever.

In conclusion, Li Ruihuan said: On the premise that principles be adhered to, the Chinese Government will continue to make efforts and seek ways and means to effect a smooth transition in Hong Kong.

#### Members Meet To Discuss Reunification

OW2003204893 Beijing XINHUA Domestic Service in Chinese 0313 GMT 19 Mar 93

["Feature" by XINHUA correspondent Zhu Dongju (2612 0392 5468): "A Nation's Call"]

[Text] Beijing, 19 Mar (XINHUA)—Members of the Chinese People's Political Consultative Conference [CPPCC] representing China's 56 nationalities have gathered together to discuss national affairs and issues related to the people's livelihood. One topic they always touch on is the reunification of the two sides across the Taiwan Strait.

Yabxi Wangdui, a CPPCC member of Tibetan nationality from Tibet, expressed with deep feelings the wishes of the Tibetan people: Separated by numerous mountains, rivers, and ocean, Tibet and Taiwan are brothers, one on the plateau and the other on the sea. The Tibetan people have always been concerned about the Taiwan people and hope for an early reunion.

Memetharxun Bawudun, a CPPCC member of Uygur nationality from Xinjiang, said: After more than a decade of reform and opening up, our national strength has become increasingly strong, and the people have become increasingly well-off. The country is more prosperous than ever before. Today we hope for an early reunification of the motherland.

Fang Chuxian, a CPPCC member of Korean nationality, said: Premier Li Peng's government work report has proposed that the two sides of the Taiwan Strait continue to promote economic and cultural exchange and establish direct trade, mail service, and air and shipping services across the Taiwan Strait. It has also called for early contact between the two sides to end hostility and gradually realize peaceful reunification. This conforms with reality and is feasible and practical.

Wladimir Nicolayevich, a CPPCC member of Russian nationality with silver hair and blue eyes; and Po Chia, a CPPCC member of Lhoba nationality, all spoke from the bottom of their hearts: We hope compatriots on the island of Taiwan will return to the big family of the motherland to work and live.

The 56 nationalities in the CPPCC have voiced their common wishes in different languages: reunification of the motherland at an early date.

#### Hong Kong Members Support Li Peng's Work Report

OW2003065793 Beijing China Radio International in Mandarin to Asia 0900 GMT 19 Mar 93

[From the "Rainbow in the Air" program]

[Text] When interviewed on 15 March, many members from Hong Kong attending the current meeting of the Chinese People's Political Consultative Conference [CPPCC] National Committee pledged their firm support for the stance of the Chinese Government on Hong Kong which Premier Li Peng indicated in his government work report.

Member Zhou Chanji, a well-known law expert in Hong Kong, said that he fully endorsed the position which Premier Li Peng stated in his government work report. He said: China has tried hard to cooperate with the British authorities. Chris Patten's conduct since last October shows that the British authorities are not sincere at all, and that China has done the right thing by not cherishing any illusions about the British.

Zhou Chanji maintained that the Chinese Government should unequivocally and firmly follow the course of not bartering with principles like it has been doing. He said that while the door of Sino-British negotiations is not entirely closed, it is likely the door will be closed slowly.

Zhou Chanji maintained that Chris Patten misjudged the situation by thinking he had the initiative in his hands. Chris Patten always thought that China needed to cooperate with the British for the sake of Hong Kong's stability and prosperity. Now Premier Li Peng has indicated in his government report that China still can achieve this objective even without cooperation from the British side. This clear-cut position is good for people in Hong Kong to make their judgment.

Hu Honglie, a barrister in Hong Kong, indicated the absolute unyielding position which Premier Li Peng expressed in his report is very correct, and that he fully supported this position. He said that from his judgment the Chinese side made considerable concessions when the Basic Law was drafted. While the door of negotiations between the two sides is not fully closed, Chris Patten has virtually destroyed the foundation of negotiations, he said. He added: China conceded in the past out of the consideration that its cooperation with the British side would be good for Hong Kong's security and prosperity, as well as for the peaceful transfer of power; but Chris Patten's willful actions will cause great damage to Hong Kong. Thus China did the sensible thing by stating that it cherished no illusions about Chris Patten.

Member Xia Rubao, adviser on Hong Kong affairs, said: For the sake of national interests, China should not and cannot afford to concede any further. China should now draw up specific countermeasures lest Chris Patten should continue to act willfully. Indicating that he fully endorsed the position which Premier Li Peng stated in

his government work report, Xia Rubao said that members from Hong Kong and Macao repeatedly applauded to express their full support for China's stance when Premier Li Peng read this passage in his report.

Xu Zhantang, advisor on Hong Kong affairs and member of the CPPCC National Committee, said the Chinese people should not cherish any great illusions about the British. He said: The Chinese paid a dear price during the Opium War over 150 years ago. Chinese people in Hong Kong and all over world should understand that the price they will pay in the struggles during the next few years must be much smaller than the price they paid over 150 years ago. Just as Premier Li Peng said in his government work report, China will not make any concession on matters of principle.

Zeng Yucheng, chairman of the Hong Kong League for the Democratic Construction of Hong Kong, maintained the Chinese people and people in Hong Kong should now be prepared for two things: If Chris Patten continues to act willfully and presents his constitutional package to the Legislative Council for discussion, he will have completely destroyed the foundation of Sino-British negotiations. While this will create a great shock in Hong Kong and will cause many problems for Hong Kong's peaceful transition, these problems are not problems that cannot be resolved. Premier Li Peng has clearly stated that the Chinese people will never barter away their principles. The Chinese Government must be fully prepared for this. It should have measures to stop Chris Patten from violating the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the relevant accords and understandings already reached between China and Britain.

CPPCC National Committee members from Hong Kong issued a statement on 16 March in connection of Chris Patten's repeated acts of breaking faith and imposing all kinds of barriers to undermine Hong Kong's prosperity, stability, and peaceful transition. The statement says: We firmly support the solemn and just stance which Premier Li Peng expounded in his government work report. At a time when Sino-British negotiations were about to resume, Chris Patten suddenly gazetted his constitutional package, thereby undermining the foundation of negotiations. We strongly condemn this move. We maintain that the British Government must bear all the historical responsibility for all the serious consequences caused by the obstacles artificially created by Chris Patten. Like the vast number of Hong Kong residents, we hope China and the UK can negotiate on settling the 1994/95 election and other issues in Hong Kong. We also strongly believe the British Government must immediately remove the obstacles and observe the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the understandings and accords which China and the UK have reached. We also appeal to the vast number of Hong Kong residents to remain calm, unite as one, and urge the British Government to abide by its promise and return to the course of cooperation. If the British Government continues to

refuse to come to its senses, we believe the Chinese Government is duty-bound to be well-prepared and take powerful measures to implement the policy of one country and two systems and firmly implement the Basic Law so as safeguard the interests of Hong Kong residents.

#### Taiwan Affairs Official Addresses Members

OW2003014993 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 18 Mar 93

[From the "News and Current Events" program]

[Text] Speaking at a meeting of democratic party members attending the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] on 18 March, Wang Zhaoguo, director of the Taiwan Affairs Office under the State Council, said: The momentum created by Taiwan-funded businesses investing on the mainland has been strong. Many businessmen from Taiwan maintain that Taiwan-funded joint venture operators have now become even more confident in investing on the mainland owing to the mainland's deepening reform and opening up programs, which have gone on for over a decade; to the vigorous development of a socialist market economy, social stability, and rising living standards on the mainland; and by the fact that establishing enterprises on the mainland is not handicapped by problems in Taiwan, such as resources, land, labor, and environmental protection, as well as by special preferential policies which governments on the mainland have granted to Taiwan-funded businesses.

Wang Zhaoguo said: Although the influence of people advocating Taiwan independence is expanding, and many people in Taiwan do not support China's peaceful reunification, the increasingly frequent and closer economic and trade contacts between the two sides of the Strait certainly will strengthen ties between the people. The development of the historical trend will eventually push the two sides to sit down and discuss the great cause of peaceful reunification.

Wang Zhaoguo added: The system of multiparty cooperation under the CPC leadership has played a significant role in history. It has now become more necessary for all democratic parties to rally people from all social strata to get involved in government affairs and participate in political consultations. Since members of democratic parties have extensive contacts with relatives and friends in Taiwan, Hong Kong, Macao, and other parts of the world, we should take advantage of this opportunity and encourage them to work for the motherland's peaceful reunification.



### Members Hold News Conference on Economic Reform

OW2003132793 Beijing XINHUA in English 1307 GMT 20 Mar 93

[Text] Beijing, March 20 (XINHUA)—Private enterprises in China have more opportunities than difficulties at present, a private businessman attending the ongoing first session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) said here today.

Answering questions at a press conference, Lu Hangcheng, a CPPCC member, said that government at all levels provide favorable conditions for the development of private enterprises.

Four CPPCC members were speaking at the press conference sponsored by the current session of the Eighth National Committee of the CPPCC here today.

Lu, a farm-turned private entrepreneur from Inner Mongolia Autonomous Region, is an executive committee member of the regional branch of the All-China Federation of Industry and Commerce (ACFIC), China's non-government chamber of commerce.

Lu said that the largest difficulty faced by private enterprises, or non-public ownership enterprises, is shortage of fund. Newly emerged private enterprises generally have limited primary capital. They do not have the convenience that state-owned enterprises have in obtaining loans for expansion and updating technologies.

But he believed that the problems can be solved as the country deepens reform and further opens to the outside world.

"The shift from previous planned economy to a market economy is a complicated progress," Lu said, "it cannot be completed overnight."

Wan Guoquan, a CPPCC member and vice chairman of the Central Committee of the China Democratic National Construction Association, one of the non-communist parties in China, said that now the central government is strengthening its policy formulation and legislation so that all enterprises, either private or state-owned, will compete on an equal footing.

Wan said that the market system needs to be perfected, and all enterprises are not yet able to compete on an equal footing. He said the problem will be settled as the country gradually push all state-run enterprises to market competition.

Premier Li Peng's government work report to the current session of the Eighth National People's Congress (NPC) has set the principle for the long-term coexistence of public, collective, private and foreign funded economic sectors. Private entrepreneurs have been chosen to the CPPCC committees and people's congresses at all levels, Wan said.

Jing Shuping, a CPPCC member and vice chairman of the ACFIC, revealed that 20 out of the 62 CPPCC national committee members from ACFIC are from private sectors.

Half of the members of the ACFIC are private or individual businessmen.

The ACFIC will continue to serve private enterprises with adequate information, and help them update technology and improve management, Jing said.

He said the country will also push the private enterprises into international market.

### Beijing TV Coverage

OW2103061793 Beijing Central Television Program One Network in Mandarin 1425 GMT 20 Mar 93

[News conference by members of the Eighth Chinese People's Political Consultative Conference National Committee Wan Guoquan, vice chairman of the Central Committee of the China Democratic National Construction Association and chairman of the China Industry and Commerce Economic Consultancy Corporation; Jing Shuping, vice chairman of the Executive Committee of the All-China Federation of Industry and Commerce, chairman of the China International Economic Consultants Incorporated, and deputy secretary general of the Eighth CPPCC National Committee; Lu Hangcheng, chairman of the Inner Mongolia Xinyoujia United Enterprise Corporation; and Liu Yonghao president of the Chengdu Hope Feed Group and chairman of the Shanghai Hope Feed Company, in Beijing on 20 March; from the special news program of the First Session of the Eighth CPPCC National Committee—recorded]

[Text] [video opens with medium shot of a conference room packed with reporters] [Unidentified reporter] The news center of the First Session of the Eighth National People's Congress [NPC] and the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] invited members Wan Guoquan, Jing Shuping, Lu Hangcheng, and Liu Yonghao to answer reporters' questions this morning. [video pans to show four members, Lu Zhichao, CPPCC National Committee deputy secretary general and news center spokesman, and an unidentified interpreter seated on the rostrum]

[Lu Zhichao] First, let me introduce the four gentlemen attending our news conference today: This is member Wan Guoquan. [video shows a close-up of Wan] He is vice chairman of the Central Committee of the China Democratic National Construction Association, chairman of the China Industry and Commerce Economic Consultancy Corporation, and member of the Eighth CPPCC National Committee.

This is Member Jing Shuping. [video shows the close-up of a bespectacled Jing] He is vice chairman of the Executive Committee of the All-China Federation of

Industry and Commerce, chairman of the China International Economic Consultants Incorporated, and member and deputy secretary general of the Eighth CPPCC National Committee.

This is Member Lu Hangcheng. [video shows a close-up of Lu Hangcheng] He is chairman of the Inner Mongolia Xinyoujia United Enterprise Corporation and member of the Eighth CPPCC National Committee.

And this is member Liu Yonghao. [Video shows a close-up of Liu] He is president of the Chengdu Hope Feed Group, chairman of the Shanghai Hope Feed Corporation, and member of the Eighth CPPCC National Committee.

Today, we have invited the four gentlemen to meet the press and ask them to answer reporters' questions on the issues of how to take part in the CPPCC activities, conduct market supervision, participate in consultation for important policies of the state, and, in particular, play a role in serving economic construction.

[Unidentified reporter; question translated by interpreter] I am a reporter of the Moscow-based IZVESTIYA. Of course, privately run enterprises play an important role in China's economy. What is their role in China's politics? How many deputies from the sector of privately run enterprises are elected to China's NPC?

[Jing] So far, we are not familiar with the NPC figures. However, we can provide you with the CPPCC figures. There are now 20 members from enterprises that are not under public ownership. The percentage should be put this way: There are only 60 members from the All-China Federation of Industry and Commerce and 82 members from the economic sector; together, they total 142 members. Of the total 142 members, 20 members are from the enterprises that are not under public ownership. The percentage is not insignificant.

[Reporter] I am a reporter of ZHONGGUO RIBAO. What comments do delegates from the All-China Federation of Industry and Commerce have on the current controversy regarding overheated economic growth? Thank you.

[Jing] In my opinion, this year, like Comrade Li Peng and other state leaders say, our economic situation is presently very good. However, we must prevent overheated economic growth. What does this mean? In my opinion, overheated economic growth does occur in some trades and professions; it occurs mainly in the real estate sector and in the increase of figures in development zones. They do enjoy a little overheated growth. On the other hand, there are a number of other sectors in our national economy—such as communications, transportation, and infrastructure facilities—that ought to have enjoyed heated growth and need our efforts to accelerate their heated development. Therefore, on the whole, we cannot say in very general terms about our entire economic situation that overheated economic

growth occurs in China. We must conduct specific analysis of every sector and every area. I personally believe that, regarding heated economic growth, enthusiasm is necessary to successfully accomplish a task. Nothing can be done well without enthusiasm; enthusiasm needs protection. However, we must be cool-headed in handling problems.

[Reporter] I am a reporter of ZHONGGUO KEXUE BAO. It has become a procedure that the CPC Central Committee conducts consultations with all the democratic parties on important issues. I would like to ask Mr. Wan Guoquan a question: In your capacity as vice chairman of the Central Committee of the China Democratic National Construction Association, did you participate in consultations about the choice of the candidates for the new leadership of the NPC and the CPPCC? Which proposals of yours were adopted? Thank you.

[Wan] Our country is a socialist country. Our political party system is one of multiparty cooperation and political consultation under the leadership of the Communist Party. This is a basic system of our country. On a number of important issues, the CPC will conduct consultations with all the democratic parties. You may have read from newspapers that the CPC conducted consultations with prominent figures of democratic parties, personages without party affiliation, and other departments concerned about the personnel arrangements this time. I personally took part in the consultations.

[Reporter] I am a reporter of ZHONGGUO JINGYING BAO. There is an argument circulating to the effect that developing the private sector of the economy means developing capitalism in our country. What is Mr. Lu Hangcheng's opinion of the argument?

[Lu Hangcheng] Promoting economic development is the common aspiration of the people of every country. Introducing the management methods of some advanced countries is an essential means for our country to promote economic development in the course of developing a socialist market economy. As the common knowledge and spiritual wealth of mankind, the science of management has gone through a process of people learning from each other and drawing on the experience of each other. For instance, Japan introduced China's management method of requiring cadres to participate in labor, allowing staff and workers to participate in management, reforming unreasonable rules and regulations, and implementing cadre-staff and worker-scientific and technological personnel integration. Although Western countries also carry out operations of some industries that constitute the economic lifeline under state ownership, the practice has not changed the nature of society in the West. Likewise, China's efforts to promote development of some private sectors of the economy under the prerequisite of making public ownership play the dominant role will not change the nature of society in China.

[Wan] I think our country's drive to promote development of a socialist market economy, the very rapid

development of the economic sector not presently under public ownership, and whether they will turn China into a capitalist country are very important issues. I wish to express my opinion in this connection. The following points have occurred to me. First, my answer is that they will not turn China into a capitalist country; they certainly will not. First [as heard], we have the leadership of the Communist Party and the correct line of building socialism. Second, there is no distinction between socialism and capitalism in a market economy. We will assimilate whatever useful things capitalism has to offer. However, there is one point that needs to be stressed here: We must persist in making public ownership play the dominant role. This point cannot be changed. Another thing is that the principle of distribution according to work plays the dominant role in our distribution system, with other distribution methods playing supplemental roles. Our implementation of the principle of distribution according to work reflects the theory of socialism. One more thing: We maintain that certain areas, certain fields of endeavor, and certain individuals are permitted to prosper ahead of others. However, we hope all will prosper in the end. Otherwise, our society will be divided into two opposing extremes. Therefore, we advocate common prosperity in the future. This point is also a matter of principle. Therefore, I maintain that although China will enjoy continued, thorough development in the future through implementation of reform and the open policy, it will not become a capitalist society.

[Reporter] I am a reporter of Hong Kong's SING TAO JIH PAO. I wish to ask member Liu Yonghao a few questions. You joined the CPPCC National Committee as a delegate of private enterprise. What issues will receive your attention? Do you think that the existing laws are still inadequate to offer protection for private enterprises? Thank you.

[Liu] The first question I am going to answer is what issues receive our attention. I think that the process of reform and opening up of our country is of the greatest concern to our private enterprises. To what extent has our reform progressed, after all? The 14th CPC National Congress decided on the party's policy of further reform and opening up and its line of a market economy. We think it is a very good decision. I am very glad that the government work report delivered by Comrade Li Peng mentions that the publicly owned economy, the individual economy, the private sector of the economy, and Chinese-foreign joint ventures, cooperative enterprises, and enterprises solely owned by foreign businessmen will enjoy common development for a long time to come. This is an issue of very great concern to me. The second question is possibly about the issue of legal protection. I wish to explain the issue from a number of aspects. First, our country's persistence in upholding public ownership as the basis and the economic sector not under public ownership as the supplement has already been adopted as a policy for long-term development and was mentioned by the 14th CPC National Congress and Comrade

Li Peng's government work report. This is one of the guarantees. The second guarantee is that our Constitution guarantees [as heard] private enterprises. The third guarantee is as follows. The fact that I was able to be recommended for the post of a member of the CPPCC National Committee to participate in such a grand occasion of a national conference and to participate in discussions of government and political affairs shows that our country has taken a gratifying step forward in the process of reform and opening up. This is one of the guarantees, too. Thank you.

[Lu Zhichao] The news conference comes to an end here.

### Li Ruihuan Attends Second Presidium Meeting

OW2203140593 Beijing XINHUA Domestic Service in Chinese 1230 GMT 22 Mar 93

[Text] Beijing, 22 Mar (XINHUA)—The Presidium of the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] held its second meeting at the CPPCC hall this afternoon.

Li Ruihuan, executive chairman of the Presidium of the meeting, presided over the meeting.

Today's meeting examined and adopted the election method for the First Session of the Eighth CPPCC and the draft lists of the candidates of chairman, vice chairmen, secretary general, and members of the Standing Committee for the National Committee of the Eighth CPPCC.

According to the election method, the chairman, vice chairmen, secretary general, and members of the Standing Committee of the Eighth National Committee of the CPPCC will be elected among multiple candidates through secret ballot. There will be 34 vote observers and two supervising vote observers. Computers will count the votes.

Wang Zhaoguo, executive chairman of the Presidium of the meeting, explained the recommended lists of the chairman, vice chairmen, secretary general, and members of the Standing Committee for the National Committee of the Eighth CPPCC.

Wang Zhaoguo said that electing the leading members for the new CPPCC term is an important task for this current meeting. Doing a good job on the new term's election will be very significant in adhering to and perfecting the system of multiparty cooperation and political consultation under the leadership of the Communist Party of China and consolidating and developing the patriotic united frontline.

Wang Zhaoguo said that the CPC Central Committee attaches great importance to doing a good job in the work of electing new leadership for the CPPCC. The Communist Party of China, following its 14th national congress and after extensively soliciting opinions both



from within the party and outside the party, has proposed recommended leadership lists for the new term of the CPPCC. It was also only after full deliberations, repeated consultations, and extensive solicitation of opinions from all quarters, that the candidates for members of the Standing Committee of the Eighth CPPCC were chosen. It may be said that the recommended lists were the outcome of democratic consultations.

It has been learned that the election method that was adopted at today's meeting will be printed and distributed among all CPPCC members. The draft lists of candidates will be used by the Presidium for nomination purposes and will be printed and distributed among various groups for deliberations and discussions; final candidates will be elected at a plenary meeting.

Attending today's meeting were Ye Xuanping, Wu Xueqian, Yang Rudai, Seypid Aze, Hong Xuezhi, Deng Zhaoxiang, Zhao Puchu, Qian Weichang, He Sheng, Qian Zhengying, Su Buqing, Ding Guangxun, Dong Yinchu, Sun Fuling, An Zhijie, Ma Wanqi, executive chairmen of the Presidium of the meeting; and Secretary General Song Demin.

### Political & Social

#### 'China Threat' Theory 'Cold War Thinking'

OW2003010993 Beijing XINHUA in English 0048  
GMT 20 Mar 93

[Report: "'China Threat' Theory a Cold War Hangover, Says Magazine"]

[Text] Beijing, March 19 (XINHUA)—The theory that a more economically developed China will pose a threat to its neighboring countries is linked with Cold War thinking, the official Chinese magazine "OUTLOOK" [LIAOWANG] states today.

In a commentary, "Ignorant Prejudice and the Remaining Wind of the Cold War", written in response to an article in the March 2 issue of the Hong Kong based "ASIAN WALL STREET JOURNAL", the magazine accuses some in the West of "trying to find another enemy after the splitting up of the Soviet Union".

The "ASIAN WALL STREET JOURNAL" article was written by Gerald Siegel in London, who said that China's neighboring countries should take advantage of the "inner strife" for overseas investment and technology between its different areas to "override" China.

The "OUTLOOK" commentary said that as was known by all, China was still a developing country with a gross national product of 440 billion U.S. dollars which was less than one tenth that of the United States and one seventh that of Japan.

"China needs a peaceful international environment to concentrate its effort on economic construction. How can China threaten others under these circumstances?" it asked.

It also said that the six billion dollar defense budget of China was below that of Taiwan and only one sixth that of Japan. "In fact, China has neither the intention nor the economic military capability to invade or expand into other countries, and therefore cannot pose as a threat to other countries," the commentary pointed out.

On the question of whether China will become a threat to other countries after its economy has become more developed and stronger, the commentary cited a recent statement by Chinese Prime Minister Li Peng, who said that China did not now and would never in future resort to hegemonism in its foreign policy.

On the contrary, it said, a more developed China would contribute to the development of other countries by providing a vast market which could absorb a huge amount of investment and commodities, serving as a stimulus for the development of the whole Asia-Pacific region, and better contributing to the work of the United Nations peace-keeping endeavors as a permanent member of the Security Council.

#### Paper Discusses State Council Revamping

##### Plans To Ax 13 Ministers

HK1903131793 Hong Kong MING PAO in Chinese  
19 Mar 93 p 9

[Unattributed report: "Under Institutional Reform, State Council To Dismiss 13 Ministers, Appoint 8 State Councillors"]

[Text] The State Council's plan for personnel arrangements is reported to have been basically fixed. Among the ministries preserved under the institutional reform, 13 ministers will lose their posts.

It is disclosed that those who will be relieved of their offices include Civil Affairs Minister Cui Naifu, Justice Minister Cai Cheng, Personnel Minister Zhao Dongwan, Labor Minister Ruan Chongwu (he has been appointed Hainan provincial party secretary and governor), Metallurgical Industry Minister Qi Yuanjing, Chemical Industry Minister Gu Xiulian, Posts and Telecommunications Minister Yang Zhenhuai, Agriculture Minister Liu Zhongyi, Commerce Minister (the Ministry of Commerce has been changed into the Ministry of Domestic Trade) Hu Ping, Foreign Economic Relations and Trade Minister Li Lanqing (to be appointed vice premier and minister of economic and trade commission), and Auditor General Lu Peijian.

The original plan to appoint Hu Qili as minister of the new Ministry of Electronics Industry has been rejected and the ministry will be headed by Zhang Xuedong, an old schoolmate of Jiang Zemin and former vice minister

of machine-building and electronics industry. The post of auditor general will be taken over by former Qinghai Governor Jin Jipeng.

On the side of State Councillors, Qin Jiwei, Wang Fang, Wang Bingqian, and Chen Xitong will be relieved of their offices.

It is learned that, apart from vice premiers, the new State Council will have eight State Councillors. The division of work among them is as follows: Li Tieying—State Commission for Restructuring the Economy; Song Jian—State Science and Technology Commission; Chen Junsheng—Ministry of Agriculture, Ministry of Water Resources, and Ministry of Forestry; Li Guixian—the People's Bank of China; Chi Haotian—Ministry of Defense and State Commission of Science, Technology, and Industry for National Defense; Luo Gan—Ministry of Personnel, Ministry of Public Security, Ministry of State Security, and Ministry of Labor; Peng Peiyun—Ministry of Public Health, Ministry of Civil Affairs, and State Family Planning Commission; and Ismail Amat—State Nationalities Affairs Commission. In line with the pattern of integrating party with government, other departments will be taken charge of by Jiang Zemin, Li Peng, and Zhu Rongji, as well as by the Central Propaganda Department, the United Front Work Department, the Central Discipline Inspection Commission, and other departments and vice premiers.

On the side of National People's Congress (NPC) vice chairmen, aside from Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Lei Jieqiong, and Sun Qimeng, whose positions have been fixed, there are also representatives from several major ethnic groups, such as Buhe (Mongolian nationality and son of the late Vice President Ulanhu), Gan Ku (Zhuang nationality and former chairman of the Guangxi Regional People's Congress), Pabala Geleg Namgyai (Tibet nationality), and Tomur Dawamat (Uygur nationality), as well as Li Peiyao, chairman of the Revolutionary Committee of the Chinese Kuomintang Central Committee, and the leaders of a number of noncommunist parties. These, plus Yang Baibing, who has been relieved of his military power, and Li Ximing and Yang Rudai, who have withdrawn from the Political Bureau, will make up more than 20 people, and their average age is 70.

Although State Council Secretary General Luo Gan has given a report on institutional reform at the current NPC session, officials in charge of many state institutions are not clear about where their subordinates will go following the streamlining of administrative structure. The leaders of two abolished ministries, i.e., light industry and textile industry, even refuse to discuss this issue.

Following its announcement a few days ago, the State Council's plan for institutional reform has become an issue of concern to a lot of media and government functionaries. However, it is learned that State Council departments still have no definite plans for the placement of personnel made redundant.

Civil Affairs Minister Cui Naifu told reporters: The Ministry of Civil Affairs will reduce staff by 20 percent in line with the State Council's requirement. As the ministry has some institutions, those people made redundant can be assigned there. There should not be any problem and all people will have incomes. But he said there is still no concrete planning and a unified plan will be made by the State Council after the NPC session.

According to the institutional reform plan, the Ministry of Materials and the Ministry of Commerce will be merged into the Ministry of Domestic Trade. The Ministry of Materials currently has more than 700 people, with cadres at the department and bureau chief level accounting for 10 percent of the total. There are even more people in the Ministry of Commerce, totaling 3,000 people. Vice Minister of Materials Lu Xusheng said they really do not know where they will go, still less about how to make adjustments. However, as the Ministry of Materials has more than 40 companies, it is unlikely that those made redundant will have nowhere to go. An official of the Ministry of Commerce disclosed in private: The merger of these two ministries will be a nuisance, as we are not in a position to decide, and everything will have to wait until the State Council leadership makes specific instructions and gives orders. Everybody is waiting now.

The Ministry of Metallurgical Industry, which has a staff of over 630 people, will be preserved. Vice Minister Wang Rulin said that since they are specialized departments, the number of people to be reduced is over 300 people, accounting for 40 percent of the total. It is very difficult to make placements for these people. The ministry's current idea is to assign most of them to companies where they will principally engage in tertiary industry and information consultant work.

Vice Communications Minister Liu Songjin said: Both Li Peng's report and the plan for readjusting the Eighth Five-Year Plan have mentioned the need to strengthen the communications sector taken charge of by the Ministry of Communications. As it is the state's important basic department, it is still difficult to liberalize it completely, but the number of staff should be slashed. There are currently over 670 people. It is still not decided yet how many people will be made redundant. Those made redundant may go to enterprises directly under the ministry, which have over 400,000 people. Others can also go to companies or engage in business. There should be no big problem.

The State Administration of Building Materials Industry will be incorporated into the State Economic and Trade Commission. It currently has 442 people, with over 30 cadres at the department level. Director Wang Yanmou said that the number of people to be kept is estimated at around 200. Those who lose their jobs may go if they so wish. The eight companies and some institutions under the administration can accommodate those people who lose their jobs.

**'Latest Report' on Reshuffle**

HK2103083593 Hong Kong MING PAO in Chinese  
21 Mar 93 p 24

[Report: "Latest Report on Personnel Arrangements Within the State Council"]

[Text] A latest report revealed another new development concerning personnel arrangements within the State Council, and the new personnel structure will highlight the dominant position of the State Economic and Trade Commission, with the State Planning Commission downgraded and the State Commission for Restructuring Economic System upgraded.

The alleged new personnel arrangement package will be as follows: Vice Premier Zou Jiahua will no longer hold concurrently the post as minister of the State Planning Commission, which will be given to Chen Jinhua, incumbent minister of the State Commission for Restructuring the Economic System; State Councillor Li Tieying will no longer hold the post as minister of the State Education Commission concurrently, but be appointed minister of the State Commission for Restructuring the Economic System concurrently; and Zhu Kaixuan, incumbent vice minister of the State Education Commission, will be promoted as minister of the same state commission. Meanwhile, the incumbent vice minister of the State Planning Commission, Liu Jiang, will replace Liu Zhongyi as Minister of Agriculture.

Along with the above personnel changes, Gao Shangquan and Liu Hongru, vice ministers of the State Commission for Restructuring the Economic System; Fang Weizhong, vice minister of the State Commission for Planning, and Zhao Weizhen, vice minister of Foreign Economic Relations and Trade, will all be discharged from their present posts.

Since Li Lanqing, who is to be appointed vice premier, will replace Zhu Rongqi as minister of the State Economic and Trade Commission [guo jia jing mao wei 0948 1367 4842 6319 1201] (formerly the Economic and Trade Office under the State Council), it is generally believed that a new structure will take shape within the State Council, featuring the dominance over economic affairs by the State Economic and Trade Commission. Also, because the newly appointed minister of the State Commission for Planning, Chen Jinhua is not a state councillor, the new State Commission for Planning, in effect, will be downgraded.

During the planned economy era in the past, the State Commission for Planning had always been the major competent department of the State Council in charge of economic affairs. In addition, since as a long practice the position of minister of the State Commission for Planning has always been held by a vice minister, this state commission has been of a higher standing than that of other economic departments in the State Council. Both Yao Yilin and Song Ping once held the post of minister of the State Commission for Planning concurrently. The

new minister of the State Commission for Planning, Chen Jinhua, a graduate of a correspondence course run by the People's University of China, had been secretary of the party group of the Ministry of Textile Industry, vice mayor of Shanghai Municipality, and general manager of the China Petrochemical Industry Corporation. In late 1989, he succeeded Premier Li Peng as minister of the State Commission for Restructuring the Economic System. As a cautious man, Chen Jinhua has made no amazing achievements regarding reform during his office. It is believed that the post of minister of the State Commission for Planning will better suit his character.

Since Li Lanqing, who is to be assigned to the post as minister of the State Economic and Trade Commission concurrently, will become a vice premier in addition to his status as a member of the CPC Political Bureau, and, what is more, Zhu Rongqi, the founder of this State Economic and Trade Commission, has now been promoted to be a CPC Political Bureau Standing Committee member, and the State Economic and Trade Commission will certainly play a dominant role in the future. However, since the State Economic and Trade Commission will in fact take over the "legacy" of the former State Economic Commission, its influence on the new market economic structure will be in doubt. As pointed out by an official who is familiar with the operation of the State Council, the State Planning Commission was the product of the planned economy, and the State Economic Commission is the baby of the product economy, so the above arrangement will only be a change in form but not in content.

The reappointment of Li Tieying, CPC Political Bureau member and state councillor, to head the State Commission for Restructuring the Economic System, is believed to be a measure aimed at reinvigorating reform. Li held the post of minister of the State Commission for Restructuring the Economic System concurrently during the Zhao Ziyang cabinet. When Li Peng was promoted to premier in 1988, Li Tieying swapped his post with Li Peng to hold the new post of minister of the State Commission for Education. It is generally agreed that although Li Tieying, during his office as minister of the State Commission for Restructuring Economic System, was not very familiar with his work, he had more trust in his subordinates, which helped expedite the development of reform across the country. With his present standing, his reappointment will be conducive to intensification of the status of the State Commission for Restructuring the Economic System. The two incumbent vice ministers of the State Commission for Restructuring Economic System are Liu Zhifeng and Hong Hu.

Zhu Kaixuan, the newly appointed minister of the State Commission for Education, was elected a member of the CPC Central Committee during the recent 14th party congress. Having long been in charge of foreign relations and international exchange within the State Commission for Education, he once headed a team to visit the United States on a mission to recruit Chinese students to return home to work for China. It is generally expected that



greater progress will be made in the future education reform in China regarding opening up to the outside world.

### **Party School Improves Economic Orientation**

OW2203083193 Beijing XINHUA in English 0652  
GMT 22 Mar 93

[Text] Beijing, March 22 (XINHUA)—The party school of the Central Committee of the Communist Party of China (CPC), a training center for high-ranking officials, is changing its curricula to improve capabilities of trainees for economic management.

Economist Su Xing, vice-president of the school, said the management capabilities of high-ranking officials in a market economy have a direct bearing on the success or failure of China's economic reforms.

Su is attending the first session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) now in progress in the Chinese capital.

According to Su, since the second half of 1992, studies on a socialist market economy has become the main content of his school's teaching program; and new courses cover finance, real estate and securities.

Qiao Shi, a member of the Standing Committee of the Political Bureau of the Central Committee of the CPC, is the president of the school, where most of Chinese senior officials studied one time or another in the past.

To develop a market economy, Su said, it is important to have a real understanding of rules governing economic operation and the law of value.

He said, following the 14th National Congress of the CPC last year, the school has organized a group, composed of 15 economists and some senior officials, for studying ways to establish a socialist market economy. Similar seminars will be held in future, he said.

Meanwhile, the school has also conducted investigations and studies on the development of a market economy. Many trainees have written field reports after doing investigations in grassroots units.

The school has also invited many government officials and outstanding economists to give lectures on questions relating to market economy, shareholding, securities, and western economies, Su said.

The school is preparing to work out a teaching program on the theory of building socialism with Chinese characteristics, he said.

### **Beijing Bishop on Release of Jailed Priests**

HK2203032493 Hong Kong THE STANDARD in English 22 Mar 93 p 6

[By Agnes Cheung in Beijing]

[Text] The relationship between China and the Holy See would mend only if Sino-Vatican state ties improve, according to Bishop Fu Tieshan of Beijing. Fu expressed a desire to see the restoration of Sino-Vatican ties soon, although he has adopted a realistic attitude on how fast an improvement could be made.

The government-sanctioned bishop said it depended on Rome. Fu noted that the release from jail of more Catholic priests by the Chinese authorities could be interpreted as a goodwill gesture towards the Vatican. He confirmed that last June he suggested an improvement of Sino-Vatican ties to a Vatican official, Cardinal Roger Etchegaray, during a conference in Paris.

However, Fu said the two major obstacles for a restoration of ties—Taiwan-Vatican diplomatic links and the secret ordination of bishops on the mainland by the Holy See—persist. He said he hoped the Holy See would not interfere with the organisation of the mainland Catholic Church. "We do not wish some people from the overseas to create differences in our Chinese church. Our church should be a harmonious church," Fu said.

He said more underground bishops and priests had reached an understanding with the government-sanctioned Chinese Catholic Bishops' College and were practising their ministry in the open. Religious circles have called for the formation of a religious law in order to further protect freedom of religious belief and the interests and properties of various religions in China. Fu said.

The bishop, also a newly elected Chinese legislator, said the authorities were drafting the bill, though it was not known when it would be ready. Fu said the formation of a religious law would ensure the constitution's stipulation on religious freedom and protection for normal religious activities would be enforced.

### **'Christian Sect' Reportedly Disbanded**

HK2203025593 Hong Kong THE STANDARD in English 22 Mar 93 p 6

[By Catherine Ng]

[Text] A Jesus Family Christian sect in a Shandong town was forced to disband last June when the authorities demolished its "church" building and jailed its leaders. The move on the Jesus Family community in Duoyigou by the Public Security Bureau was the harshest yet in recent months, according to the Hong Kong-based religious bulletin, the China News and Church Report (CNCR).

The CNCR said the Public Security Bureau had decided to disband the group when it became aware the sect's membership was growing steadily. The sect had re-emerged about eight years ago under the leadership of Zheng Yunsu who had been jailed during the Cultural Revolution (1966-76). By 1992 it had more than 3,000 members although only 60 had actually lived together.

CNCR said that apart from arresting more than 30 sect leaders, officers of the Public Security Bureau also demolished the sect's premises. Zheng was jailed for 12 years while three of his four sons were jailed for seven, eight and nine years. Other leaders of the sect were given jail terms ranging from three to five years.

The bulletin said the community, in which all members lived together as in a commune, was a Christian movement indigenous to China. It sprang up during the 1920s but disappeared by the 1950s following suppression by the communist government.

"Such persecution is motivated not only by the central government's fear of the subversive potential of the Christian faith, but also by genuine alarm at the rapid growth of the Christian movement in China," CNCR said. It said the authorities had not realised its actions had been counter-productive as these measures only "strengthened the faith and commitment of the imprisoned believers while driving others underground".

#### **Hong Kong Reports Zhao Ziyang in 'Good Health'**

HK2203020793 Hong Kong MING PAO in Chinese  
21 Mar 93 p 24

[Report: "Zhao Ziyang Is in Good Health and Frequently Plays Golf"]

#### **[Text] A Secret Southern Tour**

An informed source disclosed that former CPC General Secretary Zhao Ziyang is in good health and now enjoys more freedom to travel. In the spring of this year he went to Guangdong with his wife and visited some places in the Zhu Jiang Delta. His tour schedule was similar to Deng Xiaoping's when he inspected south China in the spring of last year. Before and after Zhao Ziyang's "southern tour," President Yang Shangkun and Vice Premier Tian Jiyun also inspected these places.

Zhao Ziyang is without any illness and he is a little optimistic, this informed source added.

#### **Zhao Ziyang Frequently Plays Golf**

Zhao Ziyang now plays golf about once a week. In the past he liked to play golf on a Chinese-Japanese joint-venture golf course near the Ming Tombs Reservoir but a foreign reporter discovered this and reported on his appearance there. Zhao Ziyang was criticized by the Central Committee and, therefore, he moved to a smaller village golf club to play golf.

Zhao Ziyang is very interested in Guangdong. This is why he "went south" during this year's Spring Festival but his tour was a top secret, the informed source continued. Zhao Ziyang and his wife "depend on each other for survival" and always "travel to places together." His son, who resides in the United States, frequently telephones him.

#### **Jiang Zemin, Others Attend Wang Zhen Funeral**

OW2003101593 Beijing Central Television Program  
One Network in Mandarin 0800 GMT 20 Mar 93

[From the "News" program]

[Text] The remains of Comrade Wang Zhen, the great proletarian revolutionary, statesman, strategist, resolute Marxist, outstanding leader of the party and the state, and PRC vice president, were cremated in Beijing today.

A basket of flowers was placed in front of his remains by Wang Jiqing, his wife, and his children. On the ribbon was written: "We will cherish your memory forever."

At 0830 [0030 GMT], amid the low strains of funeral music, Comrades Jiang Zemin, Yang Shangkun, Li Peng, Wan Li, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, Zou Jiahua, Wen Jiabao, Yao Yilin, Zhang Zhen, Peng Chong, Hong Xuezhi, Song Ping, Bo Yibo, and Song Renqiong bowed three times to Comrade Wang Zhen, who was deeply respected and loved by the whole party, the whole Army, and people of all nationalities across the country, and then extended sympathy to Comrade Wang Zhen's wife and children and relatives. [video shows Jiang Zemin, followed by Yang Shangkun, Li Peng, Wan Li, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, and others speaking with Wang Zhen's dependents]

At 0835 [0035 GMT], eight female soldiers of the People's Liberation Army [PLA], stepped out of the farewell room carrying Comrade Wang Zhen's coffin.

At 0840 [0040 GMT], Jiang Zemin and the other Chinese comrades watched the departure of the hearse.

Comrades Hu Jintao and Wen Jiabao accompanied Comrade Wang Zhen's dependents to the crematorium at Babaoshan.

After Comrade Wang Zhen passed away, Comrade Deng Xiaoping entrusted comrades in his office to make immediate phone calls to express his heartfelt condolences over the death of Comrade Wang Zhen. Comrade Chen Yun also entrusted comrades in his office to make phone calls, saying "Comrade Wang Zhen is a veteran comrade. I express my deep grief over his death. I would like to ask his dependents to restrain their grief." Comrade Peng Zhen also entrusted government functionaries to make phone calls, saying: "Comrade Wang Zhen devoted his life to fighting tenaciously for communism. In his lifetime, no difficulties could hamper him. We must learn from his spirit of fighting for communism until death. Eternal glory to Comrade Wang Zhen."

After Comrade Wang Zhen passed away, people adopted various means, such as sending telegrams of condolence and writing letters and poems, to express their deep grief over his death. Over the past few days, responsible comrades of party, government, and military organizations, as well as people of all circles in the capital, have

visited the residence of Comrade Wang Zhen to cherish his memory and also to express sympathy to his dependents.

Comrade Wang Zhen passed away in Guangzhou on 12 March. On 13 March, responsible persons of relevant departments, including Yang Dezhong, Zhou Jie, Li Shizhong, Cheng Jianning, and Li Tielin, entrusted by the party Central Committee, made a special trip to Guangzhou to escort Comrade Wang Zhen's remains back to Beijing. Leading comrades of Guangdong Province, Guangzhou Military Region, and Guangzhou city saw off the coffin at the airport. When Comrade Wang Zhen's coffin arrived in Beijing, Yang Shangkun, the president; Qiao Shi, member of the CPC Central Committee Political Bureau Standing Committee; Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat; and others were at the airport to greet the coffin. [video shows soldiers carrying the coffin down from the plane and Yang Shangkun, Qiao Shi, and Wen Jiabao welcoming it at the airport]

In accordance with Comrade Wang Zhen's wishes, his ashes will be spread over the Tianshan in Xinjiang.

### Science & Technology

#### More Nuclear Power Projects Under Consideration

HK2103073093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 21 Mar 93 p 1

[By Ren Kan: "New Nuke Plants in the Offing"]

[Text] Plans are in the offing to build more nuclear power plants to ease China's electricity shortage.

China National Nuclear Corporation (CNNC) has been in touch with various local governments interested in the scheme.

Foreign investments and joint venture projects are being sought as part of the plan. Three coastal provinces, including Liaoning, Guangdong and Zhejiang, have conducted pre-feasibility studies about nuclear power plants and are waiting for final approval of the State Council.

Fujian, Jiangsu, Jiangxi and Shandong provinces are also active in the site selection of nuclear power plants, said an official with the China National Nuclear Corporation.

The corporation and its local partners have already started to build the second phase of the Qinshan plant in Zhejiang Province (two power generating units of 600,000 kilowatts for each).

A third phase of the same size is also planned at the plant.

The official said high economic growth has exacerbated the electricity shortage, and convinced people of the paramount importance of nuclear power.

According to China's energy-development plan, thermal and hydro power have been decided on as two of the major electricity resources.

During the Eighth Five-Year Plan (1991-95), the country is planning to increase its electricity generating capacity by more than 10 million kilowatts annually (nuclear power will account for a small proportion of this).

But the status of nuclear power has been rising in the country's overall energy industry in the past year.

Vice-Premier Zou Jiahua said last year that Southeast China should develop thermal, hydro and nuclear power at the same time.

And some Chinese energy experts say China should build up three energy bases, including Shanxi-centered coal base, a hydropower base in Southwest China and a nuclear power base in southeast coastal provinces.

The official said China welcomes foreign investors to participate in the construction of nuclear power plants either through loans or joint ventures.

He said China and Russia have signed an agreement to join hands in the construction of a nuclear power plant in Liaoning Province.

The plant, still waiting for the State Council's approval, will use Russia governmental loans and import two units of power generators from Russia with a capacity of 1 million kilowatts for each.

Negotiations are under way between China and Russia about jointly conducting a feasibility study for the plant which is expected to be located in Wentuozi, he said.

And another two nuclear power plants in Southeast China, which are still waiting for the final approval, are also planning to use foreign loans and equipment.

These plants, in Guangdong and Zhejiang provinces, will have an annual power generating capacity of 2 million kilowatts each.

Some places have been chosen as the best sites for the two plants and have received good appraisal from experts.

The official said Southeast China, where the country's first two nuclear power plants are located, is the best part of the country to develop nuclear power plants since it has spearheaded the economic reforms.

The development of the nuclear industry in China started in the 1950s. The country started the construction of its first nuclear power plant, Qinshan Nuclear Power Plant, in 1982.

The Qinshan plant, with an electricity generation capacity of 300,000 kilowatts in its first phase, has turned out 520 million kilowatt hours since it was put onto the power grid in 1991.



And the Daya Bay Nuclear Power Plant is expected to put its first reactor into the power grid by the end of this year.

The official said China's nuclear power industry has promising prospects because China's scientists and technicians have the experience in developing nuclear power.

The country's rich uranium resources can ensure a long life span for nuclear plants.

#### Article Reviews Satellite, Space Industry

HK2003074093 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 10, 8 Mar 93 pp 16-18

[Article by Yang Guifeng (2799 2710 7685): "China's Achievements in Space Technology in the Past 25 Years, and Future Prospects"]

[Text] Since 23 years ago, when China's first man-made satellite, playing the melody of "Dong Fang Hong [The East Is Red]," was launched, China has successfully developed and launched 33 satellites of various types and has attained relatively high technical levels in such areas as satellite recovery, multisatellite rockets, satellite communications, satellite remote sensing, environmental tests, and microgravity [wei zhong li 1792 6850 0500] tests. In some of the areas, China is among the best in the world. According to the recent announcement made by China's Research Institute of Space Technology [RIST], China will launch about 20 satellites in four series before the end of this century. The technology of manned spaceflight is now being developed and the magnificent feat of Chinese sons and daughters traveling through space on domestically produced spacecraft is not far off. The RIST, since it was founded 25 years ago, has been following the principles of self-reliance supplemented by external aid, reform, and opening up and has scored achievements that attracted worldwide attention. It is those achievements that have made China one of the major countries of space technology in the world.

#### Domestically Made Application Satellites Are Extensively Used

After the "Dongfanghong-1" satellite was launched 24 April 1970, the RIST set the principle of developing application satellites and satellite application; pursued the development strategy of no participation in the superpowers' space race, striving to handle well the affairs on earth, and serving China's economic construction and defense development; took great pains in the development and application of such satellites as low-orbit recoverable satellites, high-orbit stationary communication satellites, and intermediate-orbit solar-synchronous satellites. The achievements made in the area of application satellites have been extensively used in various fields and brought marked economic and social benefits.

Following the former Soviet Union and the United States, China is the third country in the world to command the technology for controlling the recovery of satellites. The recovery rate of the 14 recoverable satellites launched by China is 100 percent, setting a world record in satellite recovery. The large numbers of high-definition and -resolution pictures taken by the satellites have been used in land survey and the exploitation of resources and by such sectors as geology, oceanology, agriculture, forestry, animal husbandry, archaeology, and railway construction. For instance, satellites have provided a large amount of data and the first batch of 500 specialized serial maps covering 55,000 square km in the Beijing-Tianjin-Tanggu region, giving a clear picture of the land and distribution of colorful tourist and scenic areas in the region. The 3,000-odd pictures taken by two recoverable satellites launched in 1985 and 1986 provided highly precise and valid bases for the land investigation and geological prospecting in 15 pilot zones of 14 regions, including the Huang He delta region, three-north protective forest region, and the Xinjiang region. They also spotted seven prospective mineralization areas in Beijing, found chromium and iron deposits in Inner Mongolia, and drew a seismic geology map and China's first photomap of the Nansha [Spratly] Islands. The Ministry of Railways used satellite pictures in prospecting and route-selection for the Daqin railway, resulting in a shortened line, less occupation of good farmland, and reduced investment by more than 400 million yuan.

China is one of only a few countries capable of designing and developing communication satellites on their own. The five communication satellites launched by China are extensively used in such areas as television, radio, long-distance telephone communications, TV education, finance, banking, and power supply. Through satellite TV transmission, the proportion of the population having access to TV in China is over 83 percent, ending the poor TV reception and communication in remote areas and coastal and border areas. The number of TV receiver stations has increased to more than 30,000 from 53 in 1985. China Educational TV prepares two programs with a total of 30 hours on the air each day through communication satellites, which offer training to over 1 million primary and middle school teachers. Over 16 million students tune in to these programs and the state can save several billion yuan of teacher training expenditures each year. Communication satellites have made it possible for over 500 big and medium cities nationwide to use over 1,500 channels of long-distance direct dialling telephone communication. On the finance front, the communication satellites provide data transmission service for the People's Bank of China which can therefore exercise modern management and greatly reduce the amount of funds in transit.

The two meteorological satellites developed by the RIST obtained high-quality cloud pictures, provided timely and accurate meteorological information, and brought about marked economic and social benefits in reducing

losses of industrial and agricultural production and protecting people's life and property. The high-quality cloud maps transmitted by the meteorological satellites have been generally considered as reaching international levels in the United States, Britain, Italy, Australia, Taiwan, and Macao. They are on a par with the U.S. "Noah [nuo a 6179 7093]" satellite and the quality of their visible light cloud maps is even marginally better.

In recent years, using recoverable satellites, the RIST has successfully put on and lifted off over 300 testing devices and made possible some scientific experiments under good micro-gravity conditions. Some projects have reached or surpassed the levels of similar experiments of developed countries. The RIST conducted satisfactory embarkation experiments for the (Matela) [ma te la 7456 3676 2139] Company of France and the former West Germany's Space Aviation Company. The scientific experiments under microgravity in outer space is not only of great significance to the development and production of new materials, synthesizing of new drugs, and improvement on conventional methods of crop cultivation, but also provides necessary scientific bases for the Chinese astronauts entering outer space in the future.

#### Broad Prospects of Civil-Use Products

With the changes in the domestic and international situation, the RIST, according to the principle of "turning the ordnance industry to civil use" set forth by the CPC Central Committee, used the sophisticated and new technologies in the development of satellites to develop, produce, and market civil-use products, making possible the secondary application of over 1,800 achievements in the development of manmade satellites. Thousands of civil-use items in more than 110 lines and five categories, namely, computer industrial control systems, satellite application systems, machinery and electronic products, and medical and television products, have been developed and have directly entered the market. The total output value of civil-use products has been mounting by the year, reaching 570 million yuan since the beginning of the Seventh Five-Year Plan period.

The communication satellite ground application products and systems that have been developed by the RIST so far include: satellite communication earth stations, C-band and Ku-band satellite ground reception antenna systems, and a VSAT specialized satellite data transmission and communication network. In regard to meteorological satellite cloud map reception equipment, five types of products with different functions, receiving both land cloud maps and sea cloud maps, have been developed. The remote-sensed data from land survey satellites have been applied to such sectors as agriculture, geology and mining, oil production, oceanology, and national defense.

The STD bus industrial manipulators developed by the Kangtuo Company, a RIST subsidiary, have been extensively used in such trades as metallurgy, petrochemical industry, communication and transportation, food

industry, pharmaceuticals, and environment monitoring. The annual output value is over 40 million yuan and the scope is being further expanded. The antenna monitoring technology for satellite monitoring stations has been transplanted to the development of medical X-ray TV equipment and over 1,000 sets of such equipment can be produced per year, taking up a 60 percent domestic market share and exported to eight countries and regions. The satellite TV transmission technology has been used to develop light-weight, compact, and low-consumption civil-use TV transmission systems. They have been used by dozens of departments around the country, such as for security supervision, radio and TV broadcast, and warehouse management. They are also used by such sectors as transportation, communications, oil fields, power suppliers, and mines. The multifunctional ion filming equipment, developed with cryogenics and vacuum technology which China excels in, won a state patent and was awarded a gold medal at the 1992 China New Products and New Technology Expo. The products are marketed to four other countries and regions. At present, the RIST is making energetic efforts to develop new high-technology products, such as intelligent temperature controllers which have wide application, laser holographic products, special-purpose antennas, 1,125-line high-resolution television systems, and freon-free polyurethane filled boards which are much used in construction.

In the past few years, the RIST has undertaken a large number of projects in various localities and the output value has been doubling each year. A big proportion of the projects are technical transformation projects for local enterprises, including bus testing production lines of refrigerator factories and air conditioner factories, microcomputerized fermenting control projects of antibiotics pharmaceutical factories, monitoring projects of thermal power companies and thermal piping networks, technical transformation of production lines in glass factories and ceramics factories, urban environmental monitoring systems, and automatic refueling systems at international airports.

Experts say that there is great potential in developing civil-use products with satellite-related technology and directly serving the national economy. It will form an industry in China and has broad prospects.

#### A Long Way To Go and a Great Ambition To Foster

Relevant experts also point out that the progress of the country's modernization has set extensive and urgent demands on satellites. It is imperative to further increase the variety of satellites, improve their technical performance, prolong their service lives, increase the bands and speed of information transmission, expand the means of remote sensing information acquisition, and enhance the frequency division rate. Only by so doing can it be possible to meet the domestic demand and help solve major problems facing China in such areas as education and culture, communication and information, environment and disasters, and population and

resources. In the meantime, China is still way behind the world's advanced levels in many fields of space technology. Today, many countries are racing with each other to put enormous investments into space technology. Therefore, China's space technology is faced with a grim challenge. For this reason, the RIST has set the following major tasks for itself from now to some time in the future:

1. From now to around 2000, the overall objective of the development of application satellites in China is to speed up the development of such serial satellites as for communication, observation of the earth, navigation and orienting, and scientific and technological experiments; gradually build an application satellite system that is designed to a high standard, has rounded and well-matched functions, and is capable of long, stable operation; satisfy almost all the domestic demands and acquire the ability to enter international cooperation and the international market. To realize this overall objective: In the first phase, scientific experiment satellites, recoverable satellites, fixed-orbit meteorological satellites, bulk long-life communication and broadcasting satellites, and new-generation recoverable satellites will be launched this year and next year, to achieve another step forward in China's competence in developing satellites; in the second phase, efforts will be stepped up to develop new-type communication and broadcasting satellites, navigation and orienting satellites, and disaster reduction satellites. It is estimated that about 20 application satellites in four series will be produced toward the end of the nineties, making up an application satellite system that is capable of stable operation.

2. The international development of space high-technology will be closely followed. China's medium- and long-term program for scientific and technological development makes it clear that efforts should be made to achieve a breakthrough in the field of space technology so that China can occupy a certain position in the world's high- and new-technology fields. China will research and develop manned space technology to maintain its international status in the field of space technology.

3. Efforts will be made to create a favorable international environment and open up a new prospect in bringing space technology into the international market. According to the development policy of reform, opening up, enlivening, and moving into the world at large, apart from continuing to develop intergovernmental scientific and technological exchange and cooperation in space technology, the RIST has gradually shifted the focus of its work from academic exchange to technological and economic cooperation, from importation of technology to exportation of satellite technology in recent years. The RIST has been actively seeking opportunities to research and produce satellites or parts in conjunction with its counterparts around the world and bring them into the international market. It has the confidence to bring China's satellites into the international market and contribute to mankind's peaceful utilization of outer space.

In the meantime, it will also promote its cooperation in space technology with the scientific and technological circles in Taiwan.

## Economic & Agricultural

### Changes in Private Enterprises Taxation Policy

HK2203112793 Hong Kong CHING CHI TAO PAO in Chinese No 10, 15 Mar 93 p 26

["China Economic News" Column: "State To Readjust Taxation Policy on Private Enterprises"]

[Text] The State Administration of Taxation has recently readjusted the taxation policy for private enterprises. The main points include: 1) In the days to come, no income tax will be levied on the amount of retained foreign exchange and income from foreign exchange swaps earned by private enterprises engaged in earning foreign exchange through exports, but they should transferred the amount of money to their production development funds; 2) upon approval of provincial-level taxation departments, income tax reductions or exemptions will be given to enterprises engaged in processing with materials supplied by foreign businessmen and assembling with samples supplied by foreign businessmen, whose supplied materials and samples constitute more than 20 percent of their products, from the month they gain the first income. If they have difficulties paying taxes, the newly established private enterprises will be given tax reductions or exemptions within one year by taking their actual conditions into account. 3) A two-year income tax exemption will be given to productive private enterprises run by returned overseas Chinese using foreign Chinese capital for more than 50 percent of their total capital, from the month they start production and operation; and 4) a three-year income tax exemption will be given to the private enterprises engaged in technology transfers, with an annual income of 100,000 yuan, but they are still required to pay tax in accordance with state regulations on the portion of income exceeding the 100,000-yuan mark.

### Li Peng on Shareholding Commercial Banks

HK2203120493 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1012 GMT 21 Mar 93

[Text] Beijing, 21 Mar (ZHONGGUO TONGXUN SHE)—Premier Li Peng recently indicated that a study would be conducted on localities running shareholding commercial banks, to see if this could be trial implemented on the basis of the standards formulated after approval.

Li Peng's remarks will be published by the ZHONGGUO JINGJI TIZHI GAIGE magazine on 23 March. This is the part in which many revisions are made on the speech he delivered at the closing ceremony of the 1993 national economic structural reform work meeting.



An informed source said that when dealing with financial structural reform during that speech, Li Peng talked about localities running shareholding commercial banks on a trial basis; these remarks had never been disclosed before.

The original version on financial structural reform revised by Premier Li Peng which will be published by ZHONGGUO JINGJI TISHI GAIGE is as follows:

Speeding up financial structural reform is an issue everyone is most concerned about and is also one of the important tasks in establishing the socialist market economic structure. Viewed from the general orientation, the central bank should strengthen its macro regulation and control and properly exercise overall control and good management over the basic currency. Everyone has a consensus understanding of this point. In light of China's specific conditions, the four major professional banks—the Industrial and Commercial Bank, the Construction Bank, the Agricultural Bank, and the Bank of China—should, for a long time, continue to perform their dual functions, one is service of a policy nature and the other is service of a commercial nature. But viewed from their development, they should gradually reduce service of a policy nature and transfer this to commercial banks. A study should be conducted of localities running shareholding commercial banks, to see if this can be trial implemented on the basis of the standards formulated after approval. The uneven relations between agricultural banks and rural credit cooperatives which everybody has portrayed will be further discussed and resolved at a financial work meeting. IOU issuance to the peasants for the purchase of agricultural products each year has become very serious, and the peasants have much resentment against this. This is not because the state does not provide the purchase funds but because the funds are misappropriated for other purposes, leaving a problem for the state, which has no alternative but to increase money issuance. This problem should also be resolved through financial structural reform.

#### 'Inside Stories' of Renamed Companies Discussed

HK2203052693 Beijing JINGJI RIBAO in Chinese  
11 Feb 93 p 7

[By staff reporters Chen Shuilin (7115 3055 3876) and Wan Pei (3769 0160): "Inside Stories of Renamed Companies"; first two paragraphs are JINGJI RIBAO editor's note]

[Text] Organizing enterprise groups is of great importance to boosting productive forces, rationally allocating resources, increasing enterprises' competitive strength, and rapidly establishing links with the international market. But organizing such group companies against the will of enterprises or by revoking their corporate body status runs counter to the purpose of enterprise reform.

On 4 February, the China Enterprise Association invited factory chiefs and managers to a forum. The participants

disclosed how certain government departments had acted in organizing enterprise groups in the last period. When the forum ended, the convener, Yuan Baohua, chairman of the association, suggested to our reporters that JINGJI RIBAO run a detailed report on the forum and that the report be headlined "Inside Stories of Renamed Companies."

There was a pharmaceutical factory with a history of 300 years. Being a first-rate state enterprise, it ranked among the best enterprises of the same trade in terms of various economic indicators and its products sold well in the country and abroad. In the second half of last year, an administrative company at the higher level sent a cadre to the factory to solicit its opinion on establishing an enterprise group. According to the administrative company's plan, when the enterprise group was set up, all powers of the factory including its corporate body status would belong to the group; all matters related to production, supply, marketing, personnel arrangement, finance, supply of materials, party organizations, trade unions, and the Communist Youth League would come under unified control; and the original enterprises would become authorized corporate bodies or "second-rate corporate bodies."

The chief of the pharmaceutical factory raised several opinions: 1. Experts must be invited to make a feasibility study before the enterprise group is set up and a random use of the trademark will create confusion and produce an undesirable impact. 2. It is necessary to protect the initiative of the two parties involved. If all the powers of original enterprises are taken back, that will greatly dampen the enterprises' enthusiasm so that they will be unable to meet the challenge in the market. 3. It is necessary to apply a whole set of measures to ensure that product quality will not be affected. These opinions were rejected and the administrative company carried on the organizational work step by step.

The chief of the pharmaceutical factory said: I could not convince myself of what they were doing no matter how hard I tried. An enterprise group should be organized on a voluntary basis. But the administrative company's leadership told me that I am a core member. They said: For a core member, there is no problem of whether he is willing or not to join the group. If a core member does not convince himself of the necessity of setting up the group company, he will after he is transferred to the group company. But I remained unconvinced: I am an authorized legal person. I myself still have to engage in production in three fields [ban san chan 6586 0005 3934] and run other factories. If I, as a legal person, should manage other corporate bodies, would that violate the law? Later I made other proposals. For example, I suggested that several factories join together and that the administrative company be allowed to join us as an economic partner and be responsible for organizational work. They did not agree. I then said I am willing to make a concession: Let the group adopt another name and allow me to retain my original title, powers, and legal person status. They did not agree with this either.

saying that if we are to set up an enterprise group, it should be a big one that will be influential in the country and abroad.

"Such a group company was not based on the needs of the development of enterprises involved and on their volition. It was imposed on the enterprises and was organized by order of the authorities concerned. Whoever obeyed the order and showed initiative before others was praised as supporting the reform and whoever doubted or opposed the plan was labelled as obstructing the reform. The authorities told other people no power has been taken back, but in fact all powers have been recalled. They changed enterprises into workshops or workshop sections. They applied a formula everywhere in disregard of specific conditions. (Yuan Baohua interposed: It is surprising that the leading organ should have adopted such a subjective approach to the matter and have acted so arbitrarily. The fact shows metaphysics prevails in some places and dialectics is cast to the winds. This represents another disaster for enterprises.)

"If I am not allowed to retain the legal person status, how can I, as deputy general manager, concurrently take up the post of factory chief? They agreed that I should hold two posts simultaneously. But two months later they said I cannot hold two posts simultaneously because I could not concentrate on two jobs to make a success of them both. I asked them to cite an example, but they failed to do so. I had been opposed to setting up a group company, but I was unable to stick it out because they finally transferred me elsewhere. It was really heart rending to see the results of many years of reform destroyed in a day."

There was a cement factory, a big enterprise with its annual sales income standing at 200 million yuan and its profits and taxes accounting for 70-80 percent of the total profits and taxes of 80 enterprises of the same trade. Late last year, when the "fever of organizing enterprise groups" prevailed in the trade, the administrative company at the higher level instructed all affiliated enterprises to fill out forms, which had a unified pattern and used the same language: I voluntarily join xx group.... Then the legal persons were told to sign and put a seal on the forms.

The cement factory chief said: "I said I will not join the group. But they said it will not do. Realizing that I was no match for them, I signed and put a seal on the form. While the group company constitution was being discussed, I blasted: The constitution states it is subject to amendment if it does not comply with the law. But you see this constitution runs counter to the 14 provisions contained in the "regulations." This is not a matter of whether the constitution should be amended or not. If you plan to remove my legal person status, that will not do, because once my legal person status is recalled, our enterprise may not survive even if we work very hard until we are completely exhausted. But if you set up a renamed company by organizing several enterprises into a group company, the group company will revive before

member enterprises and have more money and much more income than the latter will.

The group company will pocket the depreciation charges exempt from taxes. According to the constitution, a member enterprise has to deliver to the group company a fund for developing new products and the fund has to be delivered in full every month, but will only be returned every quarter at a discount of 30 percent. In addition, we have to pay management fees on time. All in all, we will have to spend several million yuan a year. This means the group company will take away anything valuable but leave us in a terrible mess. This amounts to drawing my blood and cutting off my flesh. (Yuan Baohua interposed: Such a group company is most cunning because it takes over powers as well as collects money from member enterprises. There was a group company set up less than a year ago. It lost 6 million yuan during that period and demanded that every member enterprise pay 500,000 yuan to make up for the loss. Such a practice is more unacceptable than unauthorized apportionments, unpaid transfer of resources, and getting advantages at the expense of enterprises. This means cutting off other people's flesh with a knife. Proceeding from getting advantages at the expense of enterprises to cutting off their flesh, such a group company will finally grow into a new monopoly group consisting of officials and businessmen. What does such a group company have in common with the socialist market economy?)

"I expressed my resolute opposition in local dialect. I said I would not do anything which would infringe upon the interest of our enterprise. But since you are the leading body at the higher level, I will not try to break away from you and would like to give you some money so that you will do other things. Has the group company not contracted to take care of all my business? Now let me assure you that each of the 200 people of your group company will receive an annual income of 4,000 yuan. The total amount will be 800,000 a year. I will undertake to make the payment but you must implement the 14 provisions to our cement factory to the letter. The expenditure of 800,000 yuan a year, even 1 million or 1.5 million, will be much less than we have to pay under the provisions of the group company's constitution. They said this will not do because this will make a fool of them.

"The essence of the 'regulations' is to further simplify administration and delegate powers to enterprises, but such a group company only recalls powers and collects money. Not long ago, a responsible member from the city authorities said in the face of the manager and secretary of our group company: The sole criterion for judging a group company's performance is whether it can breathe new life into its member enterprises. You have strangled your members until your hands have cut into the flesh and you are still strangling them. If you are trying to strangle them to death, I will strangle you two to death first. The responsible member made the statement in unequivocal terms, but it is difficult to give effect to his instructions.

"At a meeting for the factory's mid-level cadres, I said that while they go ahead with the group company's constitution we must hold our ground in accordance with the spirit of the 14 articles. Before the Spring Festival, I submitted to the general manager an 'ultimatum,' in which I said if you continue to follow the constitution, I will announce my withdrawal from the group company in the newspaper. I will continue my work if you agree and will not if you do not. But you cannot shut my mouth. Having my own way in such a manner is certainly not in my interest. Since they had the right to decide upon my post, they could lay me off sooner or later. I had prepared for the worst. They might make it hot for me in due course, but I, too, tried to do away with the old practice. I would suggest holding a democratic election to select the factory chief. I would like to see how they responded. If they followed the old constitution, I would act according to the 14 articles and lodge a complaint against them everywhere. Anyway, we must fight it out, live or die."

An internal-combustion engine factory also got into trouble when the fever of organizing renamed companies prevailed. It was the biggest one of the same factories throughout the country. It produced one seventh of the internal-combustion engines produced nationwide with the annual sales income standing at 1.6 billion yuan. In fact it was itself a de facto intertrade and transregional "group."

The responsible member of the factory said: "Though we have carried out reform for many years, the status of enterprises is still very low. We are still controlled by others, who granted preferential policies to you or took them back from you as they pleased. The renamed company of the government department tried to take over the corporate body status from us to set up a group company, getting us into trouble. Without autonomy, how could we revive such a big enterprise as ours? How could we take part in the competition in the market? How could we swim in the sea? We resolutely opposed their decision. But we offended the authorities at the higher level in so doing. They said we are 'rebellious' and that we lack a sense of discipline and organization. As a result, we had to spend a lot of energy dealing with them."

"Organizing a group company is a good thing in itself. But the central guidelines were distorted when they reached the mid-level. Relying on its power, the government department changed itself into an enterprise. There will not be such a problem if we organize enterprises into a group company. Take the Capital Iron and Steel Company for example. It grew from a small company to a big one through amalgamating several enterprises into one or through enterprises involved buying each other's shares. In this course the leadership core and the formula took shape. Any enterprise must send in its application and be subjected to examination before they can be admitted to the group company. But the administrative organ had not a leadership core, so they organized one by taking over the corporate status of enterprises under it."

"The present renamed factory is in fact a 'people's commune of enterprises' complete with the people's commune's 'superiorities' and functions, such as 'larger size and a higher degree of public ownership,' 'egalitarianism and indiscriminate transfer of resources,' 'integration of government administration with enterprise management,' and so on. The central authorities said it is necessary to make reviving enterprises the central task in the enterprise reform, but they made reviving government departments the central task. We referred to this type of companies as 'bats,' which belong to birds and beasts. We classified them into 'beasts,' because they were mammals. Since they had wings, so they were also 'birds.'

"These renamed companies controlled enterprises by various administrative means. They required the enterprises under them to deliver to them their profits and depreciation charges every month. The enterprises were not allowed to spend a cent without their approval. They set up a small bank after taking away 50 percent of the money the state returned to the enterprises. When the enterprises needed money, they had to borrow from the bank at interest. In supplying water to raise fish as required by the central authorities, the water should have been provided to enterprises. But they withheld the water in mid-stream. The enterprise's autonomy which we have obtained bit by bit over the last ten years of reform, was lost this way." (Yuan Baohua interposed: We returned to 10 years ago overnight. This represents a big retrogression of reform.)

The participating entrepreneurs believed that renamed companies at least have three disadvantages:

1. In the past, enterprises acted on the government's order and now they act on the group company's order. In the past, enterprises asked the mayor for advice instead of expanding new markets for their products on their own and now they ask the board-of-directors chairman instead of the mayor for advice. For the state, the group company was an enterprise and government officials suddenly changed into entrepreneurs. But for the enterprises involved, the group company was their responsible unit at the higher level. Government departments changed into enterprises while real enterprises into workshops. If things go on this way, it will be impossible to change the way enterprises operate.
2. If power gets tangled with money, that will give rise to corruption and unhealthy tendencies and make it easy for people to exchange power for money or vice versa.
3. The market calls for competition on equal footing. If administrative power gets involved in market operation, there will be no equality to talk about and real enterprises will suffer.

The participating entrepreneurs made a strong appeal: Reform should not proceed astray this way!



### Wuhan Steel To Cut Work Force by Two-Thirds

HK2203022093 Beijing CHINA DAILY in English  
22 Mar 93 p 2

[By staff reporter Gao Anming: "Steel Giant To Cut 80,000 From Force"]

[Text] Wuhan—The Wuhan Iron and Steel Works, one of the country's largest State-run steel producers, has cut its work force by more than 40 percent in a bid to enhance efficiency.

The gigantic but sensitive project started last August. To date, some 50,000 of its 120,000 staff have been shifted out of the general company to form more than a dozen independent companies. The iron and steel giant plans to take two years to finally slash two thirds—or 80,000—of its employees, Jiang Chun, chief of the complex's Labour and Wage Section responsible for the project, told CHINA DAILY in an interview.

This echoes a nationwide trend taken by State-run firms to trim their payrolls sharply to gain efficiency.

The workforce cut is proceeding smoothly, according to Fan Zhengwei, deputy chief of the section.

"The employees generally endorse the programme and they seem to have weathered the drastic change more readily than we had expected," Fan said.

Although there have been quite a lot of complaints, mainly from the old and the weak, there have not been any extreme cases, such as physical attack, injuries, or even killing of reformers, which has been reported in some State-owned enterprises as they discard their "iron rice bowl" and cradle-to-grave welfare for workers.

Meanwhile, the complex started this year to carry out production cost calculations among its branch factories, following Handan Iron and Steel Company's successful experiment last year, Jiang said.

The general company will reward or penalize these factories in the light of their performances. Those operating in the red will have to carry out immediate changes. Previously, nobody knew if a factory under the complex turned out products at a loss because accounting was not performed at this level.

The complex is among China's largest State-owned industrial enterprises. Its sales revenue reached nearly 10 billion yuan (\$1.75 billion) last year, with pre-tax profits striking 2.3 billion yuan (\$404 million).

The company turned out five million tons of steel last year. But divided by its 120,000 employees, the per capita output was merely 40 tons, as compared with 800 tons per capita in Japanese steel companies and 200 tons with the Baoshan Iron and Steel Works in Shanghai.

According to the company's ambitious plan, 80,000 employees not directly linked to the production of steel, including those engaged in mining, machine building,

construction and logistics services, will be directed to the market. At the same time, a new project to double its current output is under way.

If all proceeds well, the complex is expected to turn out 200-250 tons per capita by 1997, when the expansion project is put into operation.

### Low Urban Unemployment Rate 'Abnormal'

HK2103083893 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0451 GMT 15 Mar 93

[Text] Beijing 15 Mar (ZHONGGUO TONGXUN SHE)—China's urban job-awaiting rate was only 2.2 percent in 1992; this year the target will be controlled at 2.6 percent, a State Planning Commission official disclosed. He indicated that the excessively low urban job-awaiting rate was abnormal.

According to international usual practice, an unemployment rate at around 4 percent is considered to be full employment, and an excessively low unemployment rate is not helpful to the work force improving its own quality through competition, and will only cover up the invisible unemployment inside the enterprise, but not promote the solution to the problem.

This official's briefing shows that the employment pressure facing China this year originates from first, rural work force entering the city; second, a surplus work force calling for rearrangements resulting from enterprises' optimal combination; and third, this year's newly increased work force.

It was said that rural work force should be prevented from swarming into big cities for the present time; at the same time, the opening up of small towns at and below county levels should be encouraged to promote the circulation of rural work force within this realm. The bottleneck lies in the arrangements for surplus workers and staffers in the wake of state-owned enterprises converting their operational mechanism. As measures, employment agencies should be developed in a big way, and the job-awaiting insurance system be completed and perfected, while enterprises of collective ownership and other forms of ownership are encouraged to extend their employment, and tertiary industry is to be developed in a big way to create more job opportunities.

### National Economy Continues To Grow

OW2103080793 Beijing XINHUA in English  
0632 GMT 21 Mar 93

[Text] Beijing, March 21 (XINHUA)—China's national economy grew at a robust pace with stable markets at home and abroad in the first two months of this year, according to the State Statistical Bureau.

Industrial output value totalled 458.6 billion yuan during this period, up 20.4 percent over the same period of last year, and the sales volume exceeded the output value.

Profits and tax generated by state industrial enterprises were up 39.1 percent while their losses reduced by 14 percent.

The first two months saw an increase of 35 percent to reach 16.3 billion yuan in bank loans in agriculture and a rise of 12 percent to reach 15.2 billion yuan in retail sales of farm capital goods.

According to the bureau, state enterprises spent 22.8 billion yuan on fixed assets during the January-February period, a jump of 64.1 percent over the same 1992 period, and the retail sales amounted to 202.2 billion yuan, up 15 percent.

A report from the customs shows that China exported 9.18 billion U.S. dollars worth of goods in the first two months of this year, an increase of only 2.3 percent over the same period of last year, and its imports totalled 9.68 billion U.S. dollars, up 23 percent.

Wages of urban employees and individual expenditures from banks during the January-February period went up 31.8 percent over the same 1992 period, and urban residents' new savings deposits during this period climbed to 73.9 billion yuan, 6.7 billion yuan more than in the same period of last year.

The bureau called on the state to improve macro-control over the economy while bringing into play the role of market regulation.

### Private Assets Grow, Hit \$310 Billion

HK2103080093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 21 Mar 93 p 1

[By Zhang Yu'an: "Private Assets Growing Faster, Hit \$310 Billion"]

[Text] Privately-owned property is growing at a faster rate in China than State assets are—and this is expected to cause a significant change in the country's economic pattern.

This indicates reform and opening have brought great benefits to Chinese individuals, and also means the structure of China's assets distribution is changing, which will have an "important impact" on development of the country's socialist market economy, experts say.

According to an estimate by Peng Zhilong, an official of the State Statistics Bureau, financial assets owned by urban and rural residents throughout the country hit 1.8 trillion yuan (\$310.34 billion) by the end of 1992.

The figure far surpassed the net assets of about 1.4 trillion yuan (\$241.37 billion) for State enterprises, which cover the fields of industry, agriculture, construction, commerce, transportation, post and telecommunication and urban public utilities, Peng told Business Weekly.

The State assets mentioned above do not include non-production sectors, such as administrative units and the army.

China still lacks statistics covering State assets in non-production sectors, he said.

Private financial assets include personal deposits in banks, cash in hand, all kinds of bonds, shares and funds floated by enterprises and institutions.

By the end of last year, China's total savings deposits by both urban and rural residents reached some 1.1 trillion yuan (\$189.65 billion); cash in the hands of individuals hit about 350 billion yuan (\$60.34 billion); and personal investment in bonds, shares and funds collected by enterprises and institutions hit nearly 300 billion yuan (\$51.72 billion), thus pushing the country's private financial assets to more than 1.8 trillion yuan (\$310.34 billion).

When private assets in the form of belongings are concerned, total private assets in China will be much bigger, Peng said.

According to initial statistics, urban and rural residents invested 120 billion yuan (\$20.68 billion) in housing in 1992 alone, he added.

In 1978, total private financial assets in the country were only 38 billion yuan (\$6.55 billion), which was much less than the 320 billion yuan (\$55.17 billion) net assets of State enterprises in the same year.

The enormous private assets, Peng considered, will propel the development of China's socialist market economy and further promote development of the country's private economies, such as foreign-funded ventures and self-employed businesses, against the background that public ownership is still the basis of the country.

In fact, the majority of the country's private financial assets are deposited in banks and other financial institutions while the banks and institutions, in turn, pump the money, in the form of loans, into industrial and commercial sectors.

Along with the deepening of financial reform, Chinese banks will pay more attention to their loan efficiency and be willing to provide loans only to those firms with a high level of efficiency, especially foreign-funded ventures, private and self-employed business, due to their flexibility and vitality.

The money will surely be able to speed up development of the private economy while State enterprises are expected to take a relatively slower pace in development.

### Consumer Spending Seen to 'Jump' in Jan-Feb

OW2103041993 Beijing XINHUA in English 0315  
GMT 21 Mar 93

[Text] Beijing, March 21 (XINHUA)—Rising incomes and a secure supply of goods enabled consumer spending to jump up in the first two months of this year.

According to the State Statistical Bureau, retail sales in the first two months of this year rose by 15 percent over the same period last year as buyers concentrated mainly on food, clothing and electrical appliances.

Institutional purchasing totalled 19.5 billion yuan (about 3.4 billion U.S. dollars) in the first two months this year, an increase of 23.6 percent. The growth rate was 9.3 percentage points higher than the growth rate of the national retail sales of consumer goods.

Sales of aquatic food, wines and liquor, cigarettes, clothing, electric fans and cameras increased tremendously during these two months. Brand name and fine products were particularly attractive.

During the January-February period, total retail sales reached 202.2 billion yuan (about 34.9 billion U.S. dollars).

Sales of aquatic products rose by 23.7 percent, wines and liquor by 9.2 percent, cigarettes by 2.2 percent.

About 160 million garments were sold during the period, an increase of 17.9 percent, sales of cameras rose by 19 percent, cassette recorders by 2.2 percent and washing machines by 0.4 percent.

Despite cold weather in most part of the country, sales of electric fans picked up by 20 percent.

Retail sales grew quickly in coastal regions, but growth in inland provinces and rural areas was slow, the bureau noted.

In the countryside, retail sales rose only by 6.8 percent in the two months, compared with 22 percent in urban areas.

### Article on Zhou Enlai's Economic Thinking

HK2203065393 Beijing RENMIN RIBAO in Chinese  
12 Mar 93 p 5

[Article by Liu Wusheng (0491 2976 3932): "Introduction to Zhou Enlai's Ways of Thinking on Economy—Notes on the Study of *Selected Economic Works of Zhou Enlai*"; first paragraph is RENMIN RIBAO "abstract"]

[Text] In his economic works, Zhou Enlai creatively adhered to and applied dialectical and historical materialism, which developed to his unique ways of thinking on the economy: The policy conducive to developing productive forces should be regarded as the fundamental guiding ideology for organizing and leading economic construction, and the change in production relations

should be suited to the development of productive forces. It is necessary to be a bit flexible in socialist construction. There should be various forms of operation and management in agriculture, industry and commerce, and handicraft industry. There should be some freedom and private sector in every trade. A little bit of flexibility will be advantageous. In economic work, it is necessary to seek truth from facts, rationally set the growth of national economy in light of needs and possibility, and place planning on a vigorous and steady reliable foundation so as to ensure a relatively balanced development of the national economy. It is wrong to carry out socialist construction by closing our doors to the outside. We should expand economic, technological, and cultural exchanges with all countries in the world and learn from their strong points. The key to the attainment of the four modernizations lies in modernization of science and technology. The question of qualified personnel is the ultimate, decisive factor in attaining the four modernizations and developing the national economy. Hence, it is the primary task of education work to train all kinds of people for construction, technicians and scientific research personnel in particular.

The *Selected Economic Works of Zhou Enlai* reflect Zhou Enlai's economic thinking and practice in concentrated form. The contents of his economic works are extensive and rich, involving almost every sphere and sector of the national economy. By studying the *Selected Economic Works of Zhou Enlai*, observing his economic practice from the angle of methodology, and analyzing his economic theory, we can see that he creatively adhered to the penetrating ideological method and applied dialectical materialism and historical materialism to observe, ponder, and resolve the problems in economic construction, which developed to his characteristic ways of economic thinking. This article will probe train of thought concerning a number of basic questions.

### The Most Important Thing Is That Everyone Cares About the Development of Productive Forces in Our Country

"We should go all out to attain the general task set in the Constitution for the transitional period. The most important thing here is that everyone cares about the development of productive forces in our country. We must understand that production increase will be of decisive significance to all the people and to our country." Because "only by continuously increasing production and expansion can we gradually wipe out people's poverty, can we consolidate the victories of our revolution, and can we ensure our future happiness" (See *Selected Economic Works of Zhou Enlai*, no references will be given to the passages hereinafter quoted from this book). Here the one "only" and three "can" have explicitly expounded the "decisive and significant" truth of developing productive forces. Zhou Enlai made this essential viewpoint in his "Government Work Report"



at the First National People's Congress [NPC] in September 1954, which clearly reflected his profound understanding of and importance attached to the development of productive forces. "Everyone cares about the development of productive forces." A good statement! Showing concern for the development of productive forces is Zhou Enlai's fundamental starting point in organizing and leading economic construction. While discussing the objective of the three major transformations in January 1956, he said: "The transformation of production relations and emancipation of productive forces are ultimately expressed in developing and upgrading the productive forces." In April of the same year, he emphatically pointed out: "Production is the center and the three major transformations should also be promoted by production. Everything should rely on production as production is the key link." "Everyone should show concern for the development of productive forces," this is the specific application of the basic tenet of historical materialism in China's economic construction.

Zhou Enlai stressed that "everyone should show concern for the development of productive forces" because of his profound understanding of the fundamental task of socialism. He realized that "In the final analysis, the purpose of our socialist economy is to amply satisfy the increasing material and cultural needs of society as a whole. To attain this objective, it is necessary to constantly increase labor productivity" (*Selected Works of Zhou Enlai*, Vol 2, p 159). Because "socialism refers to production relations and is expressed in productive forces." "Therefore, the policies and guiding ideology of our party and state are to do everything conducive to improving production relations, to the development of productive forces, and to the increase in material wealth. If the policies cannot attain these effects, they should be corrected."

While stressing concern for the development of productive forces, Zhou Enlai also proposed that the transformation of production relations should be suited to the development level of productive forces. "The change in rural ownership should be determined by the development level of productive forces and the peasants' awareness." This was the remark he asked to supplement in one of Liu Shaoqi's reports in January 1962. This proposal was made in view of the grave consequences arising from the blind pursuit for "larger in size, collective in nature, and pureness" of the transformation of ownership, regardless of the development level of productive forces. Facts had proved that the attempt to develop productive forces through frequent transformation of production relations following the basic completion of the socialist transformation of the private ownership of the means of production was tantamount to spoiling things by excessive enthusiasm. Comparatively speaking, in the course of organizing economic construction, Zhou Enlai was often inclined to thinking and resolving problems from the angle of developing productive forces. This indicated that he acknowledged and followed the basic tenets of historical materialism.

### Flexibility Is Advantageous to Socialist Construction

During 1956, Mao Zedong, Zhou Enlai, and other leading comrades considerably thought about and explored the question how to carry out the socialist modernization program and proposed some correct or basically correct theoretical viewpoints, policies, and principles. "Flexibility is advantageous to socialist construction" was one of Zhou Enlai's important viewpoints.

To invigorate socialist construction, Zhou Enlai proposed some measures for improvement in his speech to the eighth party congress in view of the overcentralized and rigid operation and management following the basic completion of the socialist transformation of agriculture, handicraft industry, and capitalist industry and commerce. For example, in agriculture, commune members were encouraged to individually develop household sideline occupations which did not require unified operation of the cooperatives. In commerce, some free markets were organized in a planned manner under leadership of the state's unified market; and self production and marketing of commodities was allowed within a given scope. The small factories which operated reasonably and could meet social needs were retained. Some handicraft industries which could continue their independent production were also allowed to produce and market their products. The means of cooperative shops, cooperative groups, selling on a commission basis, and self production and marketing were adopted for small tradespeople and peddlers. In short, decentralization and various forms of operation and management were adopted to "making things as convenient as possible for the inhabitants."

To invigorate socialist construction, a State Council plenary session studied the question of private coal mines and salt fields in April 1957. At the session, Zhou Enlai pointed out: "Socialism is essential. Offering a little bit of freedom can help boost socialism." "In industry, agriculture, commerce, education, and military, except the military, every trade can have a bit of freedom and develop private ownership. A bit of flexibility will be beneficial." "We cannot rely on state production for everything. All fields should have a few percent of free activities. Rigidity will not work. This is the case in commerce as well as industry. Capitalism is unlikely to be restored." In light of Mao Zedong's "big collective and limited freedom," these measures played a useful complementary role to public and collective ownership. It was a pity that these measures were not upheld.

To invigorate socialist construction, the State Council, chaired by Zhou Enlai, held a national structural conference from May to August 1956 to examine overcentralization of power at that time, study the question of improving the state's administrative system, and work out the "(Draft) Resolution on Improving the State's Administrative Structure." To improve the state's administrative structure, Zhou Enlai proposed "duly extending the authority of the locality under the unified

leadership of the central government. In March 1969, Zhou Enlai once again proposed delegating the decision-making powers of management to enterprises, "first, most of the powers should be delegated to the localities; second, some of the powers should be exercised by the central and localities, with the stress on the latter; and third, limited powers should be exercised by the central and localities, with the stress on the former." As the rigid economic management structure was not fundamentally reformed, the vicious cycle of "relaxation leading to confusion, confusion to restriction, restriction to rigidity, and rigidity to relaxation."

#### **Economic Work Should Be Realistic**

While organizing and leading economic construction, Zhou Enlai adhered to and applied the party's realistic ideological line that "economic work should be realistic." In view of the impetuosity in economic work in February 1956, he pointed out: All departments should be "realistic" in drafting the 12 year long-term plan or the annual plan. The planned figures proposed at the special conferences of all the ministries are relatively large, "I hope they will be more realistic." While summing up the experience and lesson of the First Five-Year Plan in September 1956, he stressed: Experience has proved that the drafting of our long-term plan should be based on the fundamental requirements of socialist industrialization and possibility of the state's material, financial, and human resources. "It is necessary to work out all the quotas and targets realistically." While summing up the lesson of the "Great Leap Forward" in February 1962, he said: "The most important thing is being realistic as proposed by Comrade Mao Zedong. In other words, we should speak the truth, arouse real enthusiasm, do practical things, and achieve substantial results."

"To be realistic in economic work," it is necessary to establish production and planning on a vigorous and steady basis and prevent and oppose the two kinds of erroneous tendencies. "In light of the needs and possibility, it is necessary to reasonably set the national economic development growth and establish production and planning on a vigorous and steady basis so as to ensure a relatively balanced growth of the national economy." This is the important experience drawn from summing up the First Five-Year Plan. He said: We should strive to do the things which can be done through objective efforts. Otherwise, we will commit the mistake of rightist conservatism. We should also take note of not exceeding the scope permitted by the objective conditions and not doing things which are beyond our capacity. Otherwise, we will commit the mistake of impetuosity. For this reason, he waged struggles on the two fronts, opposing rightist conservatism as well as impetuosity in organizing and leading economic construction. In 1956, Comrades Zhou Enlai and Chen Yun took the lead in opposing the high targets, growth, and budget which divorced from the reality of economic construction. In essence, they were opposed to "leftist" premature advance. If criticism of the struggle against

premature advance at that time had been heeded, the serious mistake of the "Great Leap Forward" could have been avoided. Of course, history cannot be presumed.

"To be realistic in economic work" it is necessary to maintain overall balance, make comprehensive arrangements, and seek coordinated development. This was the other important experience explored by Zhou Enlai during the readjustment of the national economy. He said: "Uneven economic development is a normal phenomenon, while evenness is a temporary phenomenon. An even development may give rise to new unevenness." Nevertheless, "we should work hard for evenness." In other words, we should strive to attain a relative comprehensive balance through overall arrangements and readjusting the relations. Comprehensive balance and overall arrangements refer to coordinating the proportional relations, particularly handling well the relations between the key points and the whole, so as to maintain a coordinated, sustained, and steady development of all departments of the national economy. The stress on key projects does not mean developing the key projects in isolation, irrespective of overall arrangements; overall arrangements also does not mean developing simultaneously and giving no prominence to the key projects. Therefore, Zhou Enlai said: "While drafting plans and making arrangements for work, it is necessary to integrate the key projects with overall arrangements."

"To be realistic in economic work," it is also necessary to strengthen investigation and studies. In view of the "five winds," namely, the "communist wind," "wind of boasting," wind of commandism, wind of cadres enjoying privileges, and wind of issuing confused orders in production, stirred up during the "Great Leap Forward" and people's commune movement in March 1961, Zhou Enlai pointed out that after entering the city, particularly over the years, we have seldom conducted investigations and studies, and failed to seek truth from facts. As a result, it has become difficult to check the "five winds" overnight. For this reason, he proposed "strengthening investigations and studies." Moreover, he stressed that "while conducting investigations at the lower levels, we should make analysis of things and overall comparison" (*Selected Works of Zhou Enlai*, Vol 2, p 313). He said that things have their internal contradictions, which should be divided into primary and secondary. They may have several aspects, which should be analyzed. As the environment of every person has its limitation, it is necessary to observe problems from various aspects: A man's understanding is limited so he must listen to different views to sum up comprehensive experience. Things must develop. Only by making a comparison of the progressive and backward, ordinary and special, and true and false things can we see through them. From the world outlook and methodology, these remarks expounded the necessity and basic method of strengthening investigations and studies in economic work.

### Learn From Strong Points of All Countries

As in revolution, the socialist modernization program should be based on self-reliance. Nonetheless, "the idea of closing the doors to carry out construction is wrong." This important viewpoint was proposed by Zhou Enlai in his speech to the Eighth Party Congress. To carry out socialist construction, he said it is necessary to develop and expand economic, technological, and cultural exchanges with all countries. Even when China has become a socialist industrial power, it will be hard to imagine that we can close our doors and not beg others for help. "Therefore, the idea of isolationism is also wrong in the building of socialism."

To avoid carrying out construction through closed doors, Zhou Enlai unswervingly expanded international economic, technological, and cultural cooperation and exchanges. He said: "We have always made efforts to expand trade with Western countries. We are also willing to draw the useful scientific, technological, and managerial experience of these countries to serve our construction." While meeting Japanese friends in April 1964, Zhou said: "To modernize our economy and technology, we should also carry out international cooperation." He also pointed out: "We should have far sight in Sino-Japanese economic cooperation." Following the establishment of Sino-U.S. diplomatic ties, he said: We hope to carry out trade based on equality, mutual benefit, and supplying each other's needs. "We should seek a way of developing trade with countries of a different political system."

To avoid carrying out construction through closed doors, in May 1956, Zhou Enlai made the call of "learning from the strong points of all countries." He said: "On the question of state-to-state relations, we cannot simply say that everything of socialist countries is good and of nonsocialist countries is not good." "We should learn from all the good things of the world. In this way, we can make our system superior and can win greater victories in peaceful construction." Zhou said: "It is a manifestation of self confidence and pride to dare to learn from the strong points of all countries. Such a nation will certainly be able to build itself stronger." "The courage to forward this slogan evidently proves our confidence, self-pride, and unremitting efforts to improve ourselves." He particularly pointed out that we should also learn from the strong points of the United States, Britain, and Japan. Besides their state system, we should learn from the advanced production technology and management methods of the capitalist countries. "Learn from the strong points of all countries" was the constant ideological proposal of Zhou Enlai. Even during the "Cultural Revolution," he took great political risk to do so. In December 1972, he made the following remark on a report on sending people to East Europe to inspect imports of advanced technology and equipment: "Why not send people to London, Paris, Bonn, Ottawa, or Tokyo to study machinery of West Europe, the United States, Canada, and Japan? Why make a secondary choice?" Not long afterwards, China sent a science and

technology delegation to the United States. Before their departure, Zhou met with members of the delegation and exhorted them of the points of attention. When a medical delegation and a science delegation returned from abroad in June 1973, they dared not write and submit a report. In view of this, Zhou criticized them: "If you dare not talk about the strong points of others and the weak points of ours, it does not conform to Mao Zedong Thought." On learning from foreign countries, he proposed the principles of "independent thinking, avoiding blindness, and not blindly worshipping things foreign" and "studying, applying, reforming, and creation."

To avoid carrying out construction through closed doors, it is necessary to import advanced technology and equipment. Under the leadership of Zhou Enlai since the founding of the PRC, China imported advanced technology and equipment on a large scale on three major occasions. In the fifties, China imported 156 projects from the Soviet Union on the first occasion, of which the majority became the backbone enterprises of industrial construction during the First Five-Year Plan. From 1962 to 1966, China held talks and signed contracts for more than 20 big and small sets of equipment with Western countries on the second occasion, of which the volume of contracts totaled around \$300 million. These projects included full sets of petrochemical, chemical fertilizer, and chemical fiber equipment. In the beginning of 1972, China imported 13 full sets of chemical fertilizer, 4 sets of polyethylene, and a set 1.7-meter rolling machine equipment, totaling \$4.3 billion, which was called the "43 scheme." The completion of these projects produced marked results and promoted China's socialist modernization.

### Science Is the Decisive Factor for China's National Defense, Economy, and Culture

This was the extremely important and highly summarized remark made by Zhou Enlai on science and technology in January 1956. The development of modern society increasingly manifested the great role of the primary productive forces of science and technology, which was closely related to economy, national defense, and culture and which directly determined the level of productive forces and the growth of the national economy. In a sense, although we could not "save the nation with science" in the old society, we can "boost the country with science" in the new society. In the practice of organizing and leading economic construction for a long time, Zhou Enlai profoundly realized the importance of science and technology. In addition, he proposed meticulous tentative ideas for China's scientific and technological development strategy.

In view of the fact that science and technology are the "decisive factor," Zhou Enlai clearly pointed out: "Without modern technology, there can be no modern industry." "It is more necessary in the socialist era than in any previous eras to fully develop production techniques and science and apply scientific knowledge" (*Selected Works of Zhou Enlai*, Vol 2, p 159-160). Only



by mastering sophisticated science can we consolidate our national defense and have powerful and advanced economic strength. He particularly stressed that "the basic task of new China's scientific and technological research is to struggle with nature for the sake of developing production." If we fail to appropriately organize China's available scientific forces, closely link them to the needs of the socialist construction, and work out comprehensive and long-term plans, he insisted, there will be no direction for China's scientific development and it will be impossible for us to attain the anticipated results. He had keen insight in attaching great importance to combining scientific research with production and serving economic construction.

In view of the fact that science and technology were "the decisive factor," Zhou Enlai vigorously responded to and resolutely implemented Chairman Mao's call of "marching toward science." Above all, the State Council entrusted the State Planning Commission to cooperate with the relevant departments to draft within three months a 1956-67 long-term science development plan, which called for introducing the advanced world scientific achievements to relevant departments in China in light of the possibility and needs as quickly as possible and for rapidly establishing the branches of learning which China badly needed for construction and which was still blank in China's scientific circles. Second, to "swiftly and effectively attain this objective," it was necessary to adopt the six major measures which included sending delegations abroad and inviting foreign experts to train large numbers of scientific and technological personnel. Third, all the necessary conditions were to be prepared for scientific research. Under the organization and leadership of Zhou Enlai, the broad ranks of scientists and technicians worked hard in unity, ensured the smooth implementation and marked effects of China's first long-term scientific development plan, and initially laid the foundation for China's modern science and technology.

In view of the fact that science and technology were "the decisive factor," Zhou Enlai creatively pointed out that modernization of science and technology was the key to the attainment of the "four modernizations." In January 1956, he clearly pointed out: "To attain modernization of agriculture, industry, national defense, and science and technology and build our motherland into a powerful socialist country, the key lies in modernization of science and technology." This famous thesis became an important guiding principle for China to carry out the four modernizations. Following the Third Plenary Session of the 11th CPC Central Committee in particular, Deng Xiaoping creatively proposed the scientific thesis that science and technology constitute the primary productive forces, which brought about a further breakthrough and development of the status and role of China's scientific and technological development strategy in the building of the socialist modernization program.

#### **Our Central Task at Moment Is To Train Large Numbers of Qualified Personnel for Construction**

In the final analysis, economic construction is to be carried out by man and by the unity, coordination, and strenuous efforts of workers, peasants, and intellectuals. Hence, qualified personnel are the ultimate decisive factor for attaining the four modernizations and developing the national economy. As China's economy and culture are backward and the level of science and technology is relatively low, the state needs large numbers of qualified personnel with better education and a high technological level. The shortages in this regard has always been the most difficult problem in China's economic construction. For this reason, when the First Five-Year Plan period began, Zhou Enlai clearly pointed out: "Now our country badly needs people qualified in construction." "It is our central task at present to train large numbers of people for construction." To train and use qualified people, besides throwing all his energy, Zhou also made many ideological proposals, which gradually became the development strategy for training qualified personnel for the socialist modernization.

First, vigorously training qualified personnel. During the First Five-Year Plan period, Zhou Enlai set the "relevant training of technological personnel" as a basic task and the "training of technological personnel as the key to state construction." In addition to the training through various regular and special schools, technical workers can be trained in schools and cadres can be organized to engage in vocational and technical study. To meet the requirement of establishing an integrated industrial system during the First Five-Year Plan period, Zhou pointed out: "It is necessary to train personnel for construction and strengthen scientific research work." Therefore, the training of all kinds of personnel for construction, technical and scientific research personnel in particular, should be regarded as "the primary task of education work." While simultaneously carrying out regular and part-time education, quantity should be increased as much as possible on the premise of ensuring quality. To establish an independent economic system and master sophisticated technology after 1959, he further pointed out: "We should speed up the establishment of a mighty contingent of natural science and a theoretical contingent of social science." The method is to integrate regular with accelerated courses and combine education with production and scientific research. After undergoing the readjustment of the national economy, he called for establishing "a complete technological force." Apart from training senior technical personnel, it is necessary to correspondingly train intermediate level technicians and technical workers and comprehensively upgrade the scientific and cultural qualities of the whole nation.

Second, it is necessary to use qualified personnel rationally. In using qualified personnel, it is necessary to make the best use of men. The fundamental question lies on correctly dealing with intellectuals. In early 1956, Zhou Enlai insisted: "Intellectuals have become an

important factor in various fields of life in China" (*Selected Works of Zhou Enlai*, Vol 2, p 160). The majority of them "are part of the working class" (*Ibid.*, p 162). To fully mobilize and give full play to the role of intellectuals, Zhou Enlai pointed out: First, it is necessary to improve the arrangements for intellectuals so that they can contribute their speciality to the state. Second, it is necessary to fully understand the intellectuals who are assigned and give them due trust and support so that they can work vigorously. Third, it is necessary to provide intellectuals with the suitable working conditions and remuneration. In view of the serious consequences caused by the "leftist" mistakes in March 1962, Zhou Enlai proposed properly settling the following six problems concerning intellectuals: First, trust them; second, help them; third, improve ties with them; fourth, resolve problems; fifth, admit past mistakes, "apologies should be made to comrades for the excessive and unreasonable criticisms in the past"; and sixth, after admitting the mistakes, it is necessary to correct them. "The mistakes made by the party and government should all be corrected" (*Ibid.*, pp 366-367).

In a word, "it is necessary to attach importance to science, knowledge, and practice," and "to respect scientific personnel." This is the true meaning of Zhou Enlai's development strategy for training people for the socialist modernization program.

Zhou Enlai assumed premiership for a long period of 26 years. For the prosperity of New China, he selflessly dedicated all his energy and wisdom. In addition to economic thinking and to economic theory and practice, he made great historical contribution to the building of China's socialist modernization. Historical experience merits attention. The study of *Selected Economic Works of Zhou Enlai*, which include successful experience and lessons drawn from mistakes, will serve as reference and enlightenment to our building of Chinese-style socialism.

### 'Roundup' on 'Surging Tide' of Border Trade

HK1903143093 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 11 Mar 93 p 2

["Economic Roundup" by staff reporter Dai Lan (2071 1526): "Surging Tide of Border Trade"]

[Text] When a big tide of opening up began to sweep over China's coastal areas, people living in the border areas also looked up, expecting their turn to come soon. One year later, just one year, trade has already spread like a wildfire along China's 22,000 km inland border line, thus creating a new pattern for northeast, northwest, and southwest opening up.

### Heilongjiang: Four Characteristics

—An initial pattern for opening up to CIS and East European countries has been established. Now 11 ports and more than 1,400 border trade companies have emerged in Heilongjiang's 19 cities and counties which are situated in a 3,045 km border belt facing Russia

across a river. Border trade has proliferated far beyond the "border" areas, radiating to many a hinterland area. Moreover, a comprehensive customs, industry, commerce, revenue, border defense, and banking management and service system has also basically taken shape in the area.

—Barter trade has become a predominant form while diverse trade and cooperation forms have coexisted. Since both China and Russia lack foreign exchange and badly need each other's commodities, the Sino-Russian border trade has for many years been conducted mainly through commodity exchanges. However, in recent years, this unitary border trade form has been replaced by rapidly growing trade, economic, and technological cooperation through a multitude of forms and channels, including spot exchange trade, entrepot trade, "three forms of import processing and compensation trade," joint investment cooperation, project contracting, labor services, technological cooperation, and so on.

—Commodity structure is being pluralized. Along with the continued border trade development, changes have also taken place in the commodity structure of bilateral trade. In recent years, apart from importing conventional commodities, border areas have also increased such imports as petroleum products, big farming machinery, automobiles, nonferrous metals, as well as chemical industry-related raw and processed materials by a large margin. While maintaining a steady export of conventional commodities, border areas have also increased such exports as grain, medicine, mechanical and electronic instruments, and so on.

—Calculation methods have become newer and more varied. The past unitary method of barter trade has been replaced by such new methods as keeping accounts, spot exchange, and settling accounts in cash.

### Guangxi: Small and Significant Volume, Boundless Border Trade

Along the 1,020 km Sino-Vietnamese border, China and Vietnam have opened up 24 border ports, of which four are grade-one national-level ports. Guangxi's 89 cities and counties have built more than 200 trade centers along the Sino-Vietnamese border. More than 10,000 people from both countries are involved in border trade every day.

In recent years, Guangxi's border trade has been freed from traditional forms. The past barter trade form has been gradually replaced by such new forms as spot exchange trade, tourism-related shopping, processing of imported materials, joint venture operation, labor services, as well as economic and technological exchanges. As a result, trade at different levels, including nongovernmental trade between border districts and border cities, small-volume border trade, trade between border areas, entrepot trade, and so on, have coexisted.

Some people once described Guangxi's border trade as "small and significant volume, boundless border trade." By small and significant volume, they meant that the past barter trade and small-volume trade have been replaced by big-batch transactions conducted by semi-governmental and governmental companies. By boundless border trade, they meant that nongovernmental trade has been replaced by omnidirectional trade and various types of trade, including bilateral cooperation in technological development, investment, exploitation, projects contracting, and so on.

Along with the border trade development, border areas have become increasingly popular, have gradually improved their investment environment, and attracted more and more businessmen, cooperation partners, and investment partners. Pingxiang City alone has now had more than 200 joint venture enterprises with contractual capital totaling more than 500 million yuan.

#### **Xinjiang: Fast, Relaxed, More, and Vigorous**

**Fast:** Trade cooperation has developed fast. According to statistics, last year, Xinjiang's total import and export trade volume reached \$736 million, of which border trade volume exceeded \$300 million, representing a 700 percent increase over the year before. Moreover, the proportion of border trade volume in total regional foreign trade volume went up from 13.1 percent in 1991 to 38.4 percent in 1992. Last year, the region approved a total of 188 foreign-invested projects, representing a 670 percent increase over the previous year, and a total of 137 overseas investment projects, representing an over 800 percent increase over the previous year.

**Relaxed:** Policy control has been relaxed and a relatively harmonious environment created. Last year, preferential policies formulated by the autonomous region of promoting border trade attracted industrial and commercial enterprises of Guangdong, Hainan, Tianjin, Heilongjiang, Sichuan, Henan, Shaanxi, and other provinces to conduct trade through the "western gate." The autonomous region also delegated border trade power to more than 30 counties and more than 50 farmland reclamation regiments and farms in border areas with the result that a multi-level border trade system has now taken shape.

**More:** The number of border trade enterprises and the number of border trade partners have both multiplied. The number of border trade companies across the region has risen from five in 1991 to more than 200 at present while the number of border trade partners has risen from more than 40 in 1991 to more than 260 at present. The variety of import and export commodities has also increased. Now commodities from India, Pakistan, Afghanistan, Turkey, and CIS countries are found competing with one another on Kashi city's Dongmen market.

**Vigorous:** The past unitary barter trade form has been replaced by such flexible forms as barter trade-related

spot exchange, barter trade-related cooperation, tourism-related shopping, nongovernmental trade between two border areas, and so on. Such forms of border trade boast a more extensive operational scope. A total of nine nongovernmental border trade markets have been set up one by one in Yining Prefecture, Kashi Prefecture, and Aletay Prefecture. Yining City has set up a foreign commodity exchange center and built a large tourism-related shopping center and a CIS Commodity Street. As a result, a batch of central cities integrating commerce, trade, processing, tourism, and services industries have appeared in Central Asia.

#### **'Huge Loans' Sought for Agriculture Development**

HK2203041293 Beijing CHINA DAILY in English  
22 Mar 93 p 2

[By staff reporter Wu Yunhe: "More Big Loans Needed To Boost the Farm Sector"]

[Text] China plans to seek huge loans from the World Bank and the Asian Development Bank to prop up its agricultural development programme during the 1993-94 period, according to an official source.

The State is expected to use around \$1.4 billion loans from the two banks for agricultural development in the North, South, East and Central China, the China Agricultural Mechanization News reported.

The national official newspaper quoted a source from the State Planning Commission as saying that this year and next China will try to drum up more foreign loans to support the improvement of agricultural production conditions in its vast countryside.

Confident of the country's sufficient foreign exchange reserves, which so far total \$21.6 billion, the government believes that its payment capacity for agricultural projects now is quite optimistic.

A cluster of projects are expected to benefit from the loans of the World Bank and the Asian Development Bank.

They are the agricultural development project in the grain-producing area of Songliao Basin in the North, the irrigation construction project in the grain-growing fields in Hunan and Hubei provinces, and the red soil improvement project in the crop-growing areas in Jiangxi, Hunan, Zhejiang and Fujian provinces.

Other projects to use the foreign loans, aim to develop the grain transportation and storage facilities in North China and the areas along the Yangtze River, the agricultural technology in the grain-producing areas in the whole country, agricultural production in Hainan Island, and fish breeding industry along the coastal line.

The State Planning Commission said that of the expected \$1.4 billion, \$150 million will be lent by the



China Rural Development Trust and Investment Corporation and the Agricultural Bank of China from their borrowings of the World Bank and the Asian Development Bank.

Export-oriented agricultural projects, township enterprises and farm and sideline products are expected to be recipients of the foreign money that will be relented by the two Chinese financial institutions.

Meanwhile, the government will use more of its valuable foreign currencies to import high-quality breeds to get ahead with the country's agricultural production.

This year, it plans to spend \$12 million in foreign exchange for the imports of quality seeds, nursery stock, and fine-breed poultry and animals, representing an increase of 20 percent from last year.

The source said that efforts to enhance the country's grain storage capacity would also keep pace with development of the agricultural production.

This year, the country will use \$490 million of the World Bank loans and 2.9 billion yuan (\$500 million) loans from domestic banks to build grain depots with a storage capacity of 7 billion kilograms.

During the 1991-2000 period, the country is expected to build grain depots with a capacity of 41 billion kilograms. Of which, depots with 26 billion kilograms of capacity are already under construction.

#### **Reforms for Grain Production, Purchasing Viewed**

HK2003/31093 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 11 Mar 93 p 1

[Article by Ren Haiping (0117 3189 1627): "Important Reform Measure"]

[Text] The State Council has recently promulgated several policies on grain production and marketing which are a major change in China's grain policy, as well as a new step toward deepening rural reform.

Agriculture is the base of the national economy, and grain is the base of bases. To grasp agriculture, especially grains, is an important matter that has a bearing on the steady development of our large country.

The peasants' enthusiasm for production has been greatly elevated since the contract responsibility system on a household basis with remuneration linked to output was implemented in the rural areas. True, there are

regional differences in grain production, but from the angle of the whole country, China has enjoyed bumper harvests in consecutive years with an ample reserve in grains. The situation is fine, but there is hidden danger, too. Cheap prices for grains hurt the peasants; in the purchase of farm produce last year, the phenomenon of issuing IOU's reappeared, which has dampened the enthusiasm of some peasants for growing grains; consequently, signs of grain production on the down slide have surfaced in some localities.

In the process of the planned economy transiting toward the socialist market economy, how we should protect the peasants' interest and promote grain output increase is a pressing and vital issue. The presentation of the State Council's several policies is very timely, and its significance great.

Take a comprehensive view of the several policies; they have at least the following strong points:

First, the establishment of the protecting price system in grain purchase has set the peasants' minds at ease. Now they no longer have to worry about grain price cuts affecting their own interests, nor will they have to worry about the surfacing of IOU's. This will protect the peasants' enthusiasm for growing grains and insure a steady growth in grain output.

Second, the direct contact between grain-growing and grain-marketing areas, with supply-and-demand contracts signed between them. This will insure a balance in the general volume of supply and demand of grains through the market mechanism.

Third, past compulsory administrative means in leading agriculture are changed and economic means including information and prices are adopted to guide the peasants in developing agriculture so that they genuinely have a clear picture in their minds, "knowing how things will turn out a year ahead." Through new ways of leadership, the state's macroscopic goal will become the peasants' conscious actions.

It is an important and arduous task to lead and administer the economy with economic means according to the objective economic law to gradually complete and perfect the socialist market economy. The several important policies the State Council has formulated with careful consideration and promulgated will enable the Chinese people as well as the world people who care for China's reform undertakings to see that China is resolutely progressing on the way of reform in sure and steady steps.

## East Region

### Shandong Deputy Secretary Views Propaganda Work

SK1903055193 Jinan DAZHONG RIBAO in Chinese  
22 Feb 93 p 1

[Excerpts] The provincial meeting of propaganda department directors, which ended on 21 February, defined the general guiding ideology and demands for the 1993 provincial propaganda and ideological work as: Penetratingly propagating and implementing the guidelines of the 14th CPC National Congress; arming the vast numbers of party members, cadres, and the masses with Comrade Deng Xiaoping's theory of building a socialism with Chinese characteristics; better serving reform, opening up, and economic construction; and creating a fine environment of ideology and public opinion for the fighting goals set forth by the provincial party committee.

This meeting, which opened in Jinan on 19 February, relayed and studied the guidelines of the national forum of propaganda department directors, and discussed and defined the "1993 provincial propaganda work priorities." Entrusted by Jiang Chunyun, secretary of the provincial party committee, Gao Changli, deputy secretary of the provincial party committee, attended the meeting and made a speech. Dong Fengji, Standing Committee member of the provincial party committee and director of the propaganda department of the provincial party committee, presided over the meeting and made a speech. [passage omitted]

Gao Changli pointed out in his speech: Under the new situation of reform and opening up, big changes have taken place in the people's ideas, concepts, and life style. This requires the propaganda and ideological front to constantly strengthen and improve its work in order to adapt itself to the demand of the new situation. In strengthening and improving the propaganda and ideological work in the new period, the most important aspect is to define the guiding ideology and to further strengthen the work of serving and submitting to the central task of economic construction. In strengthening and improving the propaganda and ideological work, we must persist in materialist dialectics, must persist in the combination of the doctrine that everything has two aspects and the doctrine that everything has its key aspect, and must correctly, instead of one-sidedly, handle the several important relations in the propaganda and ideological work and in the work of the ideological sphere. In addition, we should correctly handle and improve the relations between ideological work and economic work, between inheritance and creation, between popularization and enhancement, and between

internal propaganda and overseas propaganda in order to promote the development of the province's modernization. [passage omitted]

Dong Fengji stressed in his speech: At present, the propaganda work should be aimed at grasping the overall direction, information, key work, overall superiority, reform, construction, and implementation. We should seize the current favorable opportunity to push forward the work in all fields of the propaganda front.

### Shandong Views Export Tax Refund Fraud Cases

SK2003044893 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 18 Mar 93

[Text] A recent serious phenomenon has occurred in which some lawless persons have defrauded some enterprises of their refunded export product taxes. In the province alone, three such cases occurred last year, with the defrauded amount reaching 10 million yuan. To effectively check this phenomenon, the provincial tax bureau has decided that beginning this year, the province will adopt the management method of issuing special notes for collecting and refunding export product tax. That is, when production enterprises sell products to export enterprises, special tax notes must be made out. Export enterprises must use the seal of the state treasury with the paid special tax notes to apply for the refunded taxes. To deal severe blows to those who defraud refunded export tax, the state tax bureau is drafting the provisional regulations on severely punishing the unlawful behavior of defrauding refunded export tax, and these regulations will be promulgated and put into effect soon.

### Wu Bangguo Visits Shanghai Export Commodity Fair

OW1703063793 Shanghai People's Radio Network in Mandarin 1000 GMT 13 Mar 93

[From the "News and Weather" program]

[Text] Wu Bangguo, member of the Political Bureau of the CPC Central Committee and secretary of the Shanghai Municipal CPC Committee, along with Wang Liping and (Chen Liangyu), deputy secretaries of the Shanghai Municipal CPC Committee, visited the 1993 East China Export Commodity Fair this morning.

After hearing a briefing by (Huang Jingkan), chairman of the Municipal Foreign Economic Relations and Trade Committee, Wu Bangguo and his party visited the exhibition halls of the Jiangsu, Zhejiang, Anhui, Jiangxi, Nanjing, Ningbo, and Shanghai business delegations.

Wu Bangguo encouraged the delegations to clinch more deals and export more commodities, and wished that the commodity fair would do even better than the previous one.

### Exchange Foundation Urges Review of 'Three No's'

OW2003090493 Taipei CNA in English 0816 GMT  
20 Mar 93

[Text] Taipei, March 20 (CNA)—It is high time for the Republic of China [ROC] Government to review its "three no's" policy toward Peking, Secretary-General Chiu Chin-i of the quasi-official Straits Exchange Foundation (SEF) said Friday.

"The 'three no's' policy has completed its historic mission of protecting Taiwan from Peking's political dominance," Chiu said during a public hearing in the Legislative Yuan on future cross-strait relations.

The "three no's" policy refers to "no official contact, no official talks, and no compromise" between Taiwan and Mainland China. The policy, which bans any kind of official contact with the mainland and only allows civilian cross-strait exchanges, was proposed by the late President Chiang Ching-kuo during a Kuomintang Party meeting in 1978.

"With civilian cross-strait exchanges increasing so rapidly, it is no longer necessary to insist on the policy," Chiu said in the hearing organized by KMT legislator Chen Chien-jen.

In fact, Chiu noted, the "three no's" policy has already been violated several times in recent years with some government officials making trips to the mainland.

Earlier this week, Premier Lien Chan announced that government officials dealing with mainland affairs are now allowed to visit the mainland if required to do so in the course of duty.

Chiu pointed out that the "three no's" should now be treated separately and re-evaluated, especially the principle of "no contact."

He explained that lifting the ban on official contact with the mainland would not necessarily be followed by official negotiations. "Whether we proceed will depend on results of initial contacts."

"If the government can take the initiative to adjust the 'three no's' policy, it should be taken as a goodwill gesture to the mainland," Chiu said.

He added that both Taipei and Peking should let their bilateral relations "develop naturally."

As Chiu had been President Li Teng-hui's spokesman before assuming his current post, his remarks at Friday's hearing were regarded as politically significant. Chiu stressed, however, that the remarks just reflected his personal views.

Many KMT and opposition Democratic Progressive Party lawmakers present at the hearing supported Chiu's

views, urging the government to "seriously consider" adjusting what they termed as outdated "three no's" policy.

Meanwhile, Chiu denied local press reports that he will leave for Peking this Sunday to meet with mainland officials to pave the way for a meeting between SEF Chairman C.F. Koo and Wang Daohan of Peking's Association for Relations across the Taiwan Straits (ARATS).

Chiu reiterated that cross-strait disputes on document verification and compensation for lost registered mail have to be resolved before preparatory talks on the much-publicized "Koo-Wang" meeting can go ahead.

It is imperative to have these two issues settled as soon as possible because they concern the interests of many families here, Chiu added.

### President 'Optimistic' Over Singapore Meeting

OW2003083593 Taipei CNA in English 0804 GMT  
20 Mar 93

[Text] Taipei, March 20 (CNA)—The planned "Koo-Wang" meeting could be test water to gauge whether relations between the two sides of the Taiwan Straits could enter a new stage, President Li Teng-hui said Friday.

Li made the statement while meeting with Dr. Robert A. Scalapino, an economics professor at the University of California-Berkeley who arrived in Taipei Tuesday for a week-long visit.

Basically, Li said, the proposed meeting between C.F. Koo, chairman of the Straits Exchange Foundation (SEF), and his mainland Chinese counterpart Wang Daohan is of a "private nature."

"Nevertheless," he said, "I'm very optimistic about the results of such kind of contacts."

The president pointed out that cross-strait exchanges currently remain at non-official levels. "We hope various problems arising from increased cross-strait exchanges could gradually be resolved through high-level contacts like the planned Koo-Wang meeting," he noted.

Koo is tentatively scheduled to meet Wang Daohan, chairman of Peking's Association for Relations Across the Taiwan Straits [ARATS], in Singapore in April.

Scalapino, a respected China hand, told President Li that ordinary mainland people are no longer concerned about ideological problems. "Nowadays, their major concerns are how to increase their family income and upgrade their living standards," he observed.

With the mainland economy becoming more open, Scalapino said Peking authorities are now facing many new problems which cannot be resolved through authoritarian rule.



Both Li and Scalapino agreed that international cooperation in political and economic fields will increase further in the future.

President Li said he believes that economic cooperation will be a more effective way than military confrontation in solving international disputes and enhance the well-being of the people.

On the global economic development, Li said, 1994 could be a turning point. He explained that the United States, the world's largest consumer market, has been a locomotive engine pulling the world economy forward.

"If its economy fails to stage a major rebound by 1994," Li said, "the U.S. government may cut its imports and even ask its major trade partners to buy more of its goods."

"Should that be the case, the world economy will certainly be affected," Li noted.

#### **President 'Committed' to National Unification**

OW2203083593 Taipei CNA in English 0810 GMT  
22 Mar 93

[Text] Taipei, March 22 (CNA)—President Li Teng-hui is strongly opposed to the independence of Taiwan and committed to China's reunification under democracy, freedom and prosperity, his former aide said over the weekend.

Chiu Chin-i, former deputy secretary-general to the president, told a seminar on the Li administration's policy toward Mainland China that "although president Li was born in Taiwan, he has had emotional attachment to China since he was young."

Chiu made the remarks in attempting to clear doubts about Li's mainland policy. A close associate of Li, he was appointed earlier this month as secretary-general of the Straits Exchange Foundation (SEF), a private organization authorized by the government to handle civilian affairs across the Taiwan Straits.

In Chiu's opinion, Li believes that "Taiwan's future lies in China, and China's hope lies in Taiwan." Therefore, he said, the president is unequivocally opposed to Taiwan independence, and has repeatedly rejected the notion as a dead-end road for the Republic of China [ROC] on Taiwan.

The president is committed to spreading Taiwan's successful developmental experience to the mainland in the hope of creating a favorable environment which will facilitate the reunification of China under democracy, freedom and prosperity, he said.

Chiu added, however, that President Li stopped short of setting a clearcut timetable for the process because he believes Taipei should be pragmatic in dealing with the issue of national reunification.

Under Taipei's national unification guidelines, the eventual goal of reunification will be accomplished in three phases, he noted. The speed of the process will depend on the development of cross-strait relations at each stage.

Chiu also tried to scale down his statement last Friday that it's time for Taipei to adjust its policy of "no contact, no talk and no compromise" with Peking, denying that he was suggesting the government to sharply revise its current policy.

He reiterated his belief that Taipei should review its position of avoiding official contacts with Peking in order to cope with the new situation, but added that it should remain cautious in entering into talks with mainland Chinese authorities.

The SEF chief did not rule out making a trip to Peking "within one or two weeks," but added that a decision was yet to be made pending "further observation" of responses from Peking.

If the visit proceeds, Chiu will be working chiefly to help arrange the upcoming meeting between SEF chairman C.F. Koo and his mainland Chinese counterpart, Wang Daohan of the Association for Relations Across the Taiwan Straits.

The proposed meeting, seen as a milestone event in cross-strait relations, was expected to be held in Singapore in April but the two sides have not yet reached agreement on a date or an agenda.

#### **Premier—PRC 'No Contact Policy' Unchanged**

OW2003082093 Taipei CNA in English 0738 GMT  
20 Mar 93

[Text] Taipei, March 20 (CNA)—Premier Lien Chan stated Friday [19 March] that the government's ongoing "no contact policy" vis-a-vis Mainland China is not going to be changed for now because of Chinese communist hostilities.

"The cross-strait ties will enter into a new stage only with a cessation of hostility, when we are free to develop links with other countries, and when both sides have implemented political democracy," Lien said in reply to an inquiry by Kuomintang legislator Li You-chi.

Relations with the mainland, Lien reiterated, are developed under the guidance of the national unification guidelines, which fall into three stages depending upon Peking's attitude toward Taipei.

The premier said he has not seen any changes in Peking's hostilities, referring to its repeated statements that it will never renounce the use of force against Taiwan.

Li's inquiry came shortly after Chiu Chin-i, secretary-general of the private Straits Exchange Foundation, told the press that the "no contact, no negotiation, and no compromise policy" has completed its historic mission.

The premier also responded to interpellation by legislator Li Ching-hua, who argued that "people on both sides of the Taiwan straits share the same fate."

The theory, Lien indicated, may be accepted from the aspects of history, customs, culture and nationalism, but it should be challenged when coming to ideology.

Neither is it possible to form a joint economic community between the two sides at present, given the existent gap in economic systems and per capita gross national product, not to mention the disparate political systems, Lien went on to say.

#### **Foreign Ministry Report on Diplomatic 'Sabotage'**

*OW2003085593 Taipei CNA in English 0823 GMT  
20 Mar 93*

[Text] Taipei, March 20 (CNA)—Communist China has never ceased efforts to block the Republic of China [ROC] from participating in the international community, according to a report released by the Foreign Ministry Friday [19 March].

The 50-page report details Peking's actions to destroy ROC's diplomatic offensive from January 1991 to early this year.

It said that Peking's sabotage has posed the most serious difficulty for the ROC in expanding its diplomatic frontier.

It listed the means that Peking has applied to destroying ROC's diplomatic maneuvers: bribery, economic and trade incentives, political threats and military sales.

The report was released shortly after Chiu Chin-i, newly installed secretary-general of the Straits Exchange Foundation, a civilian body entrusted by the government to handle cross-strait exchanges, said that there should be a change in the nation's "three no's policy" towards Peking as it has completed its "historic mission."

The Foreign Ministry said it published the report in order to improve the populace's understanding of Peking's vicious attempt against the ROC behind its "smiling offensives."

The report said that Peking has been handling cross-strait relations under the principle of "banning official but allowing civilian contacts; banning political but encouraging trade and economic exchanges."

Peking's real aim, it said, is to lure Taiwan businessmen with the mainland's great market potential so as to overcome ROC people's fear of communism and to increase Taiwan's economic independence [as received] on the mainland.

Meanwhile, Peking has taken every opportunity to interfere in international affairs involving ROC's sovereignty in an attempt to degrade ROC's status as a local government" under its jurisdiction.

"There has never been a breakthrough in cross-strait relations because of Peking's refusal to recognize that Taiwan is a de facto political entity," the report said.

The report listed hundreds of cases of Peking's interference in ROC's international space during the two year period, including its protests against the French sale of 60 Mirage fighters and former British Prime Minister Margaret Thatcher's visit to the ROC as well as its opposition to ROC's rejoining the United Nations and accession to the General Agreement on Tariffs and Trade.

#### **Investors Register Increase in Mainland Trade**

*OW2203091193 Taipei CNA in English 0819 GMT  
22 Mar 93*

[Text] Taipei, March 22 (CNA)—Investments made by Taiwan manufacturers in Mainland China in 1992 alone rivaled the aggregate of the previous ten years.

Statistics released by Peking's Ministry of Foreign Economic Relations and Trade show that Taiwan traders pumped a total of US\$3 billion into the mainland in the first nine months of last year, a big 250 percent jump from a year-earlier level.

At the same time, the number of approved investment projects took a great leap of 225 percent to 3,750.

Taiwan investors channeled US\$3.43 billion to the mainland in the decade from 1981 to 1991.

In the aggregate, mainland investments made by domestic enterprises amounted to about US\$6.4 billion in 7,560 projects as of the end of last September. The lion's share of the investments went to export-oriented industries such as textiles, toys, and other consumer goods.

According to the Board of Foreign Trade (BOFT), indirect trade across the Taiwan Straits reached as high as US\$7 billion last year. The figure is expected to go up to US\$10 billion this year. Cross-strait trade stood at US\$1.45 billion in 1987.

Economic Affairs Minister P.K. Chiang conceded that the growing trade ties between the two sides of the straits did have a positive effect on Taiwan's economic growth in the past three years.

In the midst of worldwide sluggishness, orders from the mainland filled the gap left by traders from the United States, Europe, and Japan, the minister elaborated.

BOFT allies indicated that export orders from Hong Kong, the entrepot of cross-strait trade, soared a whopping 86.74 percent from a year ago to US\$1.19 billion in February, a monthly record high. Total orders placed with domestic manufacturers advanced 27.37 percent to US\$6.94 billion last month.

This is solid evidence of "heated" cross-strait trade, which has emerged as the driving force behind Taiwan's

foreign trade growth, Chiang pointed out. Noting that more than 3,000 local production lines have been relocated on the mainland, he said the government is virtually incapable of taking any measures to check the hot trade ties across the straits.

Taiwan must work hard to maintain its lead in technology, capital, and marketing, the minister added.

#### **Government Not To Employ Mainland Workers**

OW2203090993 Taipei CNA in English 0812 GMT  
22 Mar 93

[Text] Taipei, March 22 (CNA)—The government is not considering employing workers from Mainland China for the time being, a ranking official said over the weekend.

Chao Shou-po, chairman of the Council of Labor Affairs, pointed out that now is not the time to allow mainland laborers in since Peking has not renounced the use of force against Taiwan.

Foreign workers from the Philippines, Thailand, Malaysia, and Indonesia are already working in Taiwan, while those from Vietnam are pending approval.

#### **Investigation Chief on 'Infiltrated' Mainlanders**

OW2003101393 Taipei CNA in English 0745 GMT  
20 Mar 93

[Text] Taipei, March 20 (CNA)—Some 800 Chinese communists have infiltrated into Taiwan each year through different channels, director Wu Tung-ming of the Bureau of Investigation said earlier this week.

Some of them directly smuggled into Taiwan in the guise of illegal immigrants, and others tried to sneak into the island as Hong Kong citizens, Wu said in his answer to an interpellation by legislator Wang Tien-ching.

Wu indicated that the Chinese communists proceed with their policy [words indistinct] intelligence agency to the island even though tensions across the Taiwan Straits have eased remarkably in recent years.

#### **Youth Career Group Eyes Mainland Offices**

OW2203084093 Taipei CNA in English 0741 GMT  
22 Mar 93

[Text] Taipei, March 22 (CNA)—The Youth Career Development Association, a private organization formed by young entrepreneurs here, has decided to open 10 to 15 offices in Mainland China in a new move to protect the interests of its member investors.

Shih Yu-lung, president of the association, noted that the mainland footholds will be located in such major cities as Peking and Shanghai.

The association has recently established a Mainland Affairs Department to help tackle the problems arising from growing trade ties across the Taiwan Straits, he added.

With a view to strengthening economic exchanges with the mainland, Shih said his association is making plans for sponsoring a series of lectures on the mainland introducing their unique career experiences.

All these efforts are aimed at rendering possible assistance to Taiwan investors on the mainland, he stressed.

#### **Taipei To Open Representative Office in Moscow**

OW2203090793 Taipei CNA in English 0749 GMT  
22 Mar 93

[Text] Taipei, March 22 (CNA)—The Republic of China [ROC] expects to set up a representative office in Moscow soon despite the deepening political crisis in Russia, a Ministry of Foreign Affairs official said Sunday [21 March].

The official said Taipei will try to proceed with its plan of opening the office as soon as possible although political tensions have again heightened in Moscow with Boris Yeltsin's declaration of emergency rule late Saturday and the parliament's vote in turn to commence impeachment proceedings.

Foreign Minister Chien Fu said Saturday several officials will leave for Moscow before the end of this month to arrange for establishing the representative office. He declined to say if the office might open this month.

Former Vice Foreign Minister Chang Hsiao-yen, now chairman of the Overseas Chinese Affairs Commission, said recently after returning from a five-day private visit to Russia that it was impossible to set a timetable for the establishment of the office.

Asked if the renewed political crisis in Russia might jeopardize Taipei's plan, the Foreign Ministry official said Moscow is not likely to change its policy toward Taipei because of the domestic political dispute.

The official would not speculate if Moscow would keep its promise to set up an office in Taipei soon. The two countries agreed to exchange offices last year after several rounds of talks.

Lo Long, ROC representative to Austria, has been reassigned to head the office in Moscow. He is still in Vienna, waiting for instructions to assume his new post.

#### **Economic Minister on Trade Deficit With Japan**

OW2003100993 Taipei CNA in English 0827 GMT  
20 Mar 93

[Text] Taipei, March 20 (CNA)—The government will come up with a comprehensive, long-term strategy in a new move to narrow down the bulging trade deficit with Japan.



Economic Affairs Minister P.K. Chiang made the remarks Friday [19 March] in reply to an interpellation by lawmaker Li Chung-jen at the Legislative Yuan.

Taiwan suffered a trade imbalance of U.S.\$12.9 billion with Japan last year.

Too great a reliance on Japan for industrial technology, capital, and key parts and components was to blame for the hefty trade deficit, Chiang said.

Addressing the problem calls for an across-the-board fight in the long run, he stressed.

The minister pledged that his ministry will provide new incentives to promote the development of advanced technology at home, thereby upgrading the industrial base in the long term.

Currently, he pointed out, domestic manufacturers should work together with their Japanese counterparts to explore markets in that country.

Noting that reducing the trade deficit should not be a unilateral effort, he said that the Japanese Government and enterprises are obliged to do their part as well.

Chiang said that his ministry has been seeking to talk with Japan on bilateral trade issues.

#### **Association Appoints Representative to Japan**

OW2203085293 Taipei CNA in English 0744 GMT  
22 Mar 93

[Text] Taipei, March 22 (CNA)—The Association of East Asian Relations (AEAR) Saturday [20 March] endorsed the appointment of Lin Chin-ching as representative to Japan.

Lin, scheduled to assume his new post in mid-April, replaced Hsu Shui-teh who has been named secretary-general of the Kuomintang Central Committee.

AEAR was created to represent ROC [Republic of China] interests in Japan after Tokyo switched diplomatic recognition from Taipei to Peking in 1972.

AEAR Chairman Chen Chung-kuang exhorted Lin to focus his work on addressing the snowballing trade deficit with Japan, which totaled US\$12.9 billion last year and is expected to hit US\$15 billion in 1993.

Lin admitted that the chronic issue is not likely to be solved overnight, given the nation's over-reliance on the imports of Japanese parts and industrial expertise. Step- ping up research and development of key parts would be the sole remedy to tackle the issue, he noted.

Lin has served as ROC deputy representative to Japan for more than two decades and member of the Council for Economic Planning and Development, the nation's highest economic planning organization.

#### **Investment Pact With Thailand 'Soon'**

OW2203085393 Taipei CNA in English 0737 GMT  
22 Mar 93

[Text] Taipei, March 22 (CNA)—Thailand will soon sign an investment guarantee agreement with Taiwan, a leading entrepreneur said over the weekend.

Jeffrey Koo, chairman of the private Chinatrust Bank, made the remarks upon his return from Bangkok where he met with Thai Premier Chuan Likphai and Vice Premier Amnuai Wirawan on ways to strengthen trade cooperation between the two countries.

The Thai premier agreed to the investment agreement, Koo noted, adding that the Taipei Economic and Trade Office in Thailand and the Thai Economic and Trade Office in Taiwan will ink the accord on behalf of the two sides.

The two quasi-official organizations represent their respective countries' interests in the absence of diplomatic relations.

Koo reported that Likphai also gave his consent to proposed pacts on customs and double taxation avoidance.

In addition, he noted, the premier pledged to improve infrastructure construction and to open foreign language schools in a new move to woo more Taiwan investors to the Southeast Asian country.

Taiwan, the fourth largest foreign investor in Thailand, has already entered into investment guarantee agreements with Indonesia, Singapore, the Philippines, and Malaysia. A similar accord with Vietnam is also in the works.

#### **Dissident Chang Acquitted of Sedition Charges**

OW2203090493 Taipei CNA in English 0801 GMT  
22 Mar 93

[Text] Taipei, March 22 (CNA)—Chairman George Chang (Chang Chan-hung) of the World United Formosans for Independence, was acquitted of sedition charges by the Taiwan high court Saturday [20 March].

Chang was arrested at the airport upon his entrance into Taiwan with a forged Japanese passport on Dec. 7, 1991. He was subsequently prosecuted on charges of sedition for alleged involvement in a 1976 bomb attack.

The Taiwan high court last May gave Chang a ten-year jail term on charges of attempted murder though he was released in October the same year on medical bail.

Chang, however, appealed the case to the Supreme Court, claiming that his arrest and trial was politically motivated.

The Supreme Court subsequently ordered a retrial of Chang's case in the high court.

In reversing its previous verdict, the Taiwan high court concluded there was insufficient evidence to prove that Chang was involved in the bomb attack and advocated the use of force to either sabotage the government or press for the independence of Taiwan.

#### **Council Reports on Per Capita GNP Growth**

*OW2003100793 Taipei CNA in English 0743 GMT  
20 Mar 93*

[Text] Taipei, March 20 (CNA)—Taiwan's per capita gross national product (GNP) is expected to break the U.S.\$20,000 level by the turn of the century, the government announced Friday [19 March].

The Council for Economic Planning and Development (CEPD) said that the government will continue its efforts to improve the investment climate, to beef up public construction, and to prop up investment willingness in the private sector.

Through these sustained efforts, it pointed out, this country expects to see a respective annual growth of 7 percent and 9.5 percent in the economy and the per capita GNP, thereby pushing up the per capita GNP to U.S.\$20,669 by the year 2000.

GNP, a country's total output in goods and services, is the broadest measure of economic health.

The government's top economic planning agency noted that Taiwan's per capita GNP rose from U.S.\$196 in 1952 to U.S.\$10,215 in 1992, growing at an average annual rate of 10.4 percent in the past four decades.

The increasing pace accelerated in the last ten years, advancing from U.S.\$2,653 in 1982 to U.S.\$10,215 in 1992, registering an average annual growth rate of 14.4

percent, a figure which underscores the remarkable economic performance here, the CEPD reported.

Meanwhile, the central government budget of NT\$1.1 trillion [new Taiwan dollars] (U.S.\$42.6 billion) for fiscal 1994 beginning on July 1 projected the per capita GNP at NT\$291,989 (U.S.\$11,252). The budget was sent to the Legislative Yuan Friday for deliberation.

The budget put the new fiscal year's GNP at NT\$6.11 trillion (U.S.\$235 billion), a 9.91 percent advance from the current fiscal year. Excluding price increases, the real GNP growth would be 6.83 percent.

#### **New Governor Sung Chu-yu Assumes Office 20 Mar**

*OW2003085993 Taipei CNA in English 0807 GMT  
20 Mar 93*

[Text] Taipei, March 20 (CNA)—New Taiwan governor Sung Chu-yu took office Saturday [20 March].

A change-over ceremony was held at the auditorium of the Taiwan provincial government in Chung Hsin New Village, Nantou County, central Taiwan, with Premier Lien Chan presiding.

Sung, former secretary-general of the ruling Kuomintang [KMT], filled the vacancy left by Lien who assumed the premiership late last month.

Sung, a U.S.-educated politician, pledged to do his best to promote balanced development in different regions of the province after receiving the official seal from Tu Teh-chi, who had acted as Taiwan governor since Lien became premier. Tu has been tapped to head the KMT Taiwan provincial chapter.

## Hong Kong

### Official Denies Call for Early Meeting With UK

OW2003074893 Beijing XINHUA in English  
0716 GMT 20 Mar 93

[Text] Beijing, March 20 (XINHUA)—A Foreign Ministry spokesman said here today that Vice-Foreign Minister Tian Zengpei has not called for talks on Hong Kong between Chinese and British foreign ministers.

The spokesman made the statement in response to a question raised by some correspondents.

The question is: As is reported by the Hong Kong press, Vice-Foreign Minister Tian Zengpei calls for an early meeting between the foreign ministers of China and the United Kingdom. Could you confirm it?

The spokesman said, "that particular report is inaccurate. Vice-Foreign Minister Tian was only referring to the relevant provisions in the Memorandum of Understanding between China and Britain on the new airport when answering a question from a journalist. He did not call for an early meeting between the foreign ministers, nor a visit to China by the British foreign secretary."

With regard to the question of talks between the two countries on the political structure in Hong Kong, the spokesman stressed, "the point is not whether the Chinese side is willing or not, but that the British side has undermined the basis for talks."

### Media Rejects Local Participation in Talks

#### 'Special Article' on 'Main Obstacle'

HK2003034293 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1159 GMT 14 Mar 93

["Special Article" by Li Lin (2621 2651): "British Hong Kong Officials Cannot Be Official Representatives to Sino-British Diplomatic Talks"]

[Text] Hong Kong, 14 Mar (ZHONGGUO TONGXUN SHE)—Two days ago, Hong Kong Governor Chris Patten read out a statement and gazetted his constitutional reform package. Subsequently, two deputy directors of the XINHUA NEWS AGENCY Hong Kong branch and a foreign ministry spokesman expressed detailed remarks about this. They dealt with the capacity of British Hong Kong Government officials for joining the Sino-British talks. Obviously, the British side wishes to make British Hong Kong Government personnel official representatives to any Sino-British diplomatic talks. This is one of the main obstacles to the resumption of Sino-British talks.

Chris Patten asserted that British representatives include Hong Kong Government officials and that their capacity to participate in the talks is the same as other officials, adding that Hong Kong Government officials also took part in previous discussions with the Chinese side as

British delegation members. In this respect, Chris Patten obviously intentionally confuses and avoids some major principles and facts. As a result, he has misled the public.

The nonacceptance of British Hong Kong Government officials as official representatives to Sino-British talks on the Hong Kong issue has been the Chinese Government's consistent stand; this has not just started today. As early as the Sino-British talks on the future of Hong Kong, the British side also tried to put British Hong Kong Government officials on the list of British official representatives to the Sino-British talks. This was flatly rejected by the Chinese side and this is a fact known to all. Subsequently, China and Britain signed the Joint Declaration and Hong Kong entered a transitional period. Under the precondition that the sovereignty issue had been resolved, this difference was temporarily put aside because the Chinese side were considerate of Sino-British friendly cooperation. The Chinese side also agreed that there would be British Hong Kong Government officials among British group members in the Sino-British Joint Liaison Group [JLG]. JLG consultations cannot be equated with Sino-British Government talks. The JLG's duty is very clear: It mainly conducts consultations on detailed problems in accordance with the spirit of the Sino-British Joint Declaration. The Joint Declaration Appendix also provides that "problems on which unanimous opinions cannot be reached should be submitted to the two governments for consultation and settlement."

This state of affairs prevailed until October last year, when Chris Patten presented his policy speech in which a local government, appointed by the British Government, tried to nullify an international agreement signed between two sovereign states and also tried to regard itself as an equal party between China and Britain. The British Government also connived at and supported Chris Patten, thus totally ruining his international trustworthiness. The Sino-British talks this time were talks to restore trustworthiness. How can British Hong Kong Government personnel be entitled to act as official members of the British side in joining the talks?

On portraying Hong Kong citizens' opinions, the Chinese side has always valued the importance of collecting and listening to opinions. During Sino-British talks, only the Chinese side can portray, represent, and protect Hong Kong citizens' interests. British Hong Kong Government officials can only assume responsibility for the British Hong Kong Government, which exercises colonial rule. How can they represent Hong Kong citizens' wishes and genuinely portray Hong Kong citizens' opinions? Despite all this, the Chinese side still agreed that British Hong Kong Government officials could help British representatives as advisers or experts. If the Chinese side's opinions had been followed, there would have been no problem in portraying and taking account of Hong Kong people's wishes in the Sino-British talks and their agreements. But the British side insisted that British Hong Kong Government personnel should be official representatives. Obviously this was irrelevant to



the British side's assertion that it valued Hong Kong people's opinions but was purely an attempt to seek "status" for the British Hong Kong Government, to put Hong Kong in the same position as China and Britain, and to make a fact of the "three-legged stool."

The Chinese side's consistent stand conforms with international practice. The capacities of both sides' representatives to the two governments' diplomatic talks should in principle be equal. This is basic common sense. Chris Patten said that "there is no difference between members from Hong Kong and members from Britain." This is ridiculous. British Government officials can represent British Hong Kong Government officials, but British Hong Kong Government officials can only represent the Hong Kong Government under subordination to Britain. Sino-British talks absolutely cannot allow a third party's involvement. This is a matter of fundamental principle. Allowing British Hong Kong Government officials to join the talks could mean recognizing the "three-legged stool" and this could lead to endless trouble.

The resumption of Sino-British talks was proposed by the British side and the Chinese side responded positively. The Chinese side has shown extreme sincerity for the restoration of Sino-British cooperation but, instead of proceeding from resolving actual problems, the British side has quibbled over the official status of British Hong Kong Government officials. Apart from this, the British side authorized Chris Patten to gazette his constitutional reform package before China and Britain resumed their talks, thus creating another obstacle to Sino-British talks and persisting in the wrong position of "three violations." This fully proves that, so far, the British side still has no sincerity at all to resolve problems; instead, it has deliberately disrupted the talks.

Lee Chu-ming and Yeung Sum of the United Democrats of Hong Kong have gone so far as to regard British Hong Kong Government officials' participation in their capacity as the British side's representatives as: "Hong Kong people administering Hong Kong." Apart from being politically ignorant, they want to bind themselves with British colonialist rulers and to become undisguised lackeys of the British colonialists. This, once again, reveals them in their true colors.

### 3-Legged Stool 'Trick' Criticized

HK2203091193 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Mar 93 p 5

[Article by Xiao Di (5135 6611): "What Is the Intention of Playing the 'Three-Legged Stool' Trick?"]

[Text] On 12 March, the British Hong Kong authorities, in the form of legislation, gazetted Hong Kong Governor Patten's constitutional reform package, thus undermining the Sino-British bilateral talks on the issue of Hong Kong's political structure, which were being prepared. The British side must bear all responsibility for the serious consequences at the present stage.

The Chinese Government held a positive attitude toward the resumption of talks for settling the dispute over Hong Kong's political structure. However, the British side showed no sincerity for the talks from the very beginning. In order to mislead outsiders, it deliberately created a false impression of the talks. The talks between the Governments of China and Britain should naturally be held by representatives of the two governments. However, the British Government unreasonably demanded that Hong Kong Government officials also participate in the talks in the capacity of official representatives, holding power of the same class with other Chinese and British officials. China certainly did not agree with this.

This demand of the British side was absolutely unreasonable. In legal terms, the current Hong Kong Government is a lower-level government subordinate to the British Government, and it absolutely holds no legal status of taking part in any diplomatic talks equally with the government of a sovereign state. In fact, after Hong Kong's return to China in 1997 was put on the table, the talks on a series of major issues (such as the Sino-British talks on the signing of the Joint Declaration and the talks on the signing of the Memorandum of Understanding on the new airport project) were held between representatives of the Chinese Government and the British Government. This is no reason for making the talks for settling the issue of the political structure.

Being aware of the demand's unjustifiableness in legal terms and in practice, why did the British side still insist on this demand, and what was its intention? Listening to what they said and observing what they did, we can easily discover the political trick they played. The British side tried to build for themselves an image of representing Hong Kong people's interests and struggling for Hong Kong people's interests and status. If they succeeded, they would take credit themselves and would make Hong Kong people deeply grateful to them, thus further peddling their so-called "constitutional reform package." If the Chinese side did not agree with them, they would confuse and mislead people's minds and would blame and sully the Chinese side for "ignoring the interests of Hong Kong people." What a sinister intention!

When the old-line colonialists withdraw, they will never really care about the interests of Hong Kong people. In the 150 years after Britain occupied the Hong Kong region by means of force, when did it really respect and guarantee the interests of Hong Kong people? According to the constitutional documents formulated by Britain, namely, the Letters Patent and the Royal Instructions, Britain exercises colonial rule in Hong Kong by means of concentrating all powers in the hands of the governor. The governor of Hong Kong appointed by Britain exercises the paramount power over all administrative affairs according to the instructions of the British Government. He is chairman of both the Executive Council and the Legislative Council [Legco] and monopolizes the administrative and legislative powers. On matters related to

their fundamental interests, the colonialists will never give priority to the interests of the masses. Not to mention events in the past, their attitude toward the "constitutional package" provides clear proof. Although many people in Hong Kong are opposed to the package, Patten still obstinately sticks to his own course, doesn't he?

We should soberly note that the real intention of the British side in insisting that officials of the Hong Kong Government be involved in the talks as official representatives is also related to its political arrangements after it withdraws from Hong Kong. They tried to create a "three-legged stool" structure consisting of China, Britain, and Hong Kong, thus making Hong Kong (with the Legco as its representative organ) an independent political entity which may more effectively resist the central government after 1997 and better safeguard Britain's various special political and economic interests in Hong Kong and prolong the British rule without the British. This is the real ulterior motive behind their position.

However, the wishes of the Hong Kong people cannot be manipulated by any people. After the constitutional package was gazetted, Hong Kong people in all walks of life were shocked and dissatisfied and the Hang Seng Index of the stock market immediately dropped by more than 200 points. This showed that the vast number of Hong Kong compatriots did not support the perverse act of the British Hong Kong authorities in undermining the talks and standing against the Chinese side. The only sensible option for the British Hong Kong authorities is to return to the path of the Joint Declaration, the Basic Law, and the agreements and understandings already reached by China and Britain.

#### Editorial on 'Colonialist Interests'

HK2003084093 Hong Kong TA KUNG PAO in Chinese  
20 Mar 93 p 2

[Editorial: "Representatives of Colonialist Interests"]

[Text] It is Patten's sin to have undermined the Sino-British negotiations. Clear enough, that is how things are but Patten and the Hong Kong Government officials are doing their utmost to defend themselves, saying that the breakdown of the negotiations is mainly attributed to the refusal by the Chinese side to let Hong Kong Government officials participate in the negotiations as official representatives and that, without the participation of the Hong Kong Government officials, this means "keeping the Hong Kong people outside the door." The British side also echoed this by saying that Patten "works for the interests of the Hong Kong people."

How outrageous it is to keep the "representatives of the Hong Kong people" outside the door! Patten thought that he could set fire to the Chinese Government with such a clamor. This is only his wishful thinking.

Patten posed as a savior as soon as he set foot on Hong Kong, saying that democracy in Hong Kong was his gift, the new airport was a "dowry" bestowed by him, and the proposed Sino-British diplomatic consultations are also his endeavor to win a position and the right to speak for the Hong Kong people. We should like to ask Patten: Who is the owner of this territory of Hong Kong? Why did the British forcibly occupy it using cannons? Did the British occupy it to work for the interests of the Hong Kong people? Hong Kong has been occupied by Britain for more than a century. This is a humiliation for the Chinese people, including the Hong Kong compatriots. To thoroughly wash away the humiliation and let the British go back to their own country is the greatest aspiration of the Hong Kong people. Can Patten reflect such an aspiration? Patten is a representative of the British queen in exercising her rule over Hong Kong. If he does not "pledge allegiance to the UK" in line with the provisions of the Letters Patent and Royal Instructions, and take safeguarding of the various British interests in Hong Kong as a precondition, how can he serve as governor? Patten will only represent British interests and will certainly not represent the interests of the Hong Kong people. The facts from the past six months have fully proved this. The implementation of the Sino-British Joint Declaration, of the principles of converging with the Basic Law, and of the agreements and understanding reached between China and the UK, with a view to maintaining Hong Kong's prosperity and stability and achieving a smooth transfer, is a concentrated expression of the Hong Kong people's interests. The moment Patten came to Hong Kong, he began to pursue his political reform package of the "three violations" and interfere in and disrupt Hong Kong's prosperity, stability, and smooth handover, a serious encroachment on the Hong Kong people's interests. What right has he to say he "worries about the welfare" of the Hong Kong people?

During the Sino-British diplomatic contacts, Patten attempted to gain official representative status for the Hong Kong Government officials in the negotiations. This is not aimed at reflecting the Hong Kong people's wishes nor does it represent their interests. Instead, it is aimed at elevating the status of the British Hong Kong Government, playing the political trick of a "three-legged stool," and making preparations for turning Hong Kong into a semi-independent political entity in an attempt to prolong the influence of British colonial rule in Hong Kong. "Working for the Hong Kong people" is merely his pretext.

The Hong Kong Government officials cannot in any way represent the will of the Hong Kong people, only that of the British Government, which is conditioned by the British colonialist system. Today, Hong Kong's political system is one of colonial rule and government officials and laws are all hold themselves responsible to the British Government through the governor, rather than to the Hong Kong people. What the British Government says is relayed by the governor and echoed and acted

upon accordingly by Hong Kong Government officials. It can be stated absolutely that the Hong Kong Government officials are followers of the British Government, Patten's megaphones, and the trumpeters of colonialist policies. Since Patten took up the post as governor last year, the following has happened: The British Government changed its policies toward Hong Kong—Patten persisted in confronting China—and the Hong Kong Government officials waved flags and shouted battle cries with all their might. Just as some people put it, the Hong Kong Government officials have been brushing Patten's shoes and gagging the Hong Kong people ever since. After Patten announced his constitutional reform package in the first half of October last year, it has been criticized and censured by figures from various circles, while the senior Hong Kong Government officials exerted themselves in whitewashing it, saying that: "The governor comes from a democratic, open country; he often collects Hong Kong citizens' views on the pace of democracy; and he is seeking appropriate ways to deepen the progress of the democratic development in Hong Kong under conditions that are in keeping with the Sino-British Joint Declaration and the Basic Law." In the latter half of October, China and Britain made public the seven documents concerning the consultations between the two countries on the issue of the development of Hong Kong's political system. The Hong Kong people expressed their views one after another, pointing out that the documents clearly proved that there are agreements between China and Britain on the convergence of political system. However, the Hong Kong Government just would not admit the fact and added comments in an abstract of the letters published by the two countries, saying that the "documents did not show that China and Britain had reached any agreement or understanding on the arrangement of the 1995 election in Hong Kong" and that the Basic Law "fails to make people feel satisfied." In mid-November, when the Legislative Council [Legco] held a debate on the revised motions proposed by [Jimmy] McGregor and Chim Pui-chung, the official Legco members spared no efforts in opposing Chim Pui-chung's revised motion that "Hong Kong badly needs a smooth transition and convergence in 1997," so that McGregor's revised motion supporting Patten's package and the "three principles" was able to be adopted. In mid-December, just when various sectors were opposed to Patten's intention to deliver his package of the "three violations" to be passed in the Legco, the senior officials of the Hong Kong Government set up a "lobbying committee" to stage a general mobilization of lobbying in an attempt to persuade the majority of the Legco members to support Patten's package. Recently, Patten's disruption of the Sino-British negotiations has been condemned by the Hong Kong people. The Hong Kong Government officials again defended and exonerated him, disclosed the "inside story" to distort the fact concerning the contacts between China and Britain, attacked the Chinese side for "repeatedly setting forth new conditions so as to widen the divergences," and purportedly said that China's stand to refuse officials of the Hong Kong Government

officials participating in the negotiations recognition as official representatives means "keeping the Hong Kong people out of the door." May we ask: In the dispute over the political system, when did the Hong Kong Government officials stand on the side of the Hong Kong people to relay their just voices and safeguard their fundamental interests? If these persons are allowed to participate in the negotiations, can they speak for the majority of the Hong Kong people?

The proposed negotiations are diplomatic ones between China and Britain, the two sovereign states, so they should be conducted by the two governments and, of course, the Hong Kong Government officials cannot be official representatives in the negotiations. To carry out the negotiations as soon as possible, the Chinese side agreed to let the Hong Kong Government officials participate as advisers or experts assisting the work of the British Government and the personnel from the Hong Kong and Macao Affairs Office would also attend the talks as experts or advisers. This is fair and sensible and shows exactly the sincerity of the Chinese side in the negotiations. Patten's unjustifiable quibbling over the issue has precisely proven that he is deliberately undermining the negotiations.

#### **Editorial Claims Governor 'Refuses Convergence'**

*HK2003070493 Hong Kong WEN WEI PO in Chinese  
20 Mar 93 p 2*

[Editorial: "Governor Patten Refuses Convergence: What Should the Hong Kong People Do?"]

[Text] In the course of Sino-British arguments over the constitutional reform issue, quite a number of Hong Kong residents are in favor of allowing Chris Patten to back down with good grace. The Chinese side has expressed the greatest sincerity and forbearance, taking the whole situation as well as stable transition into consideration. Originally, the Chinese side demanded that the British side withdraw Chris Patten's constitutional reform package but, in the course of diplomatic contacts, the British side was demanded only to give up the package. In a TV broadcast at that time, Chris Patten expressed his willingness to talk on the basis of the Sino-British Joint Declaration, the Basic Law, and the agreements and understanding reached between China and Britain. A very good solution had then been found for his backing down with good grace. Even an Executive Council [Exco] member indicated on 11 March: "The Sino-British differences are narrowing; the prospects for talks are optimistic." This notwithstanding, less than 20 hours later, and without calling another Exco meeting, Chris Patten alone made the decision to gazette his constitutional reform package. This was an action to strangle the talks, set up a roadblock, and stand in opposition to the Hong Kong residents, who demand a stable transition.

Chris Patten sabotaged the talks on the grounds that the deadline of 11 March, which was the "bottom line," had



expired. That was very irresponsible behavior. In fact, the two sides had almost decided to hold talks in mid-March or late March; why should he have so hastily shut the door to talks? In the wake of Chris Patten shutting the door tight, the 12 March Legislative Council [Legco] meeting sang the chorus that Chris Patten's package was "three conformities"; obviously, this showed the lack of sincerity for talks and openly demonstrated that Chris Patten's constitutional reform package would be carried out to the end.

When Chris Patten gave an interview to Hong Kong Asian Television Limited, he confessed, without being pressed, that it was necessary to transfer the responsibility for ruling Hong Kong to the Hong Kong residents in 1997, including Legco taking charge of determining the constitutional system. That was to openly advocate "returning the political power to Hong Kong" not transferring it to China in accordance with the Joint Declaration.

However, the theory about "Hong Kong people deciding the constitutional system" does not hold water. Today, it is none other than the UK ruling Hong Kong and the UK crown has appointed Chris Patten governor to rule Hong Kong. The constitutional reform package was formulated by Chris Patten, who openly announced that he came to Hong Kong "to implement British policies"; whereas in the British Parliament, John Major has also openly professed his all-out support of Chris Patten's actions in Hong Kong. The constitutional reform package was formulated by Britain and the Legco is under British control; thus "Hong Kong people deciding Hong Kong's constitutional system" is obviously a political farce, making arrangements for puppets to run Hong Kong and "returning the government to the Hong Kong residents" is the same as "prolonging British rule in disguise."

The 18 March THE TIMES of London editorial made a comparatively explicit point on British intentions to force the pursuit of Chris Patten's constitutional reform package: "Lord McCartney, ambassador extraordinary and plenipotentiary from the King of Great Britain to the Emperor of China failed 200 years ago, but his successors are helping in China's modernization"; "Chris Patten's constitutional reform package is characterized by its long-term view and its aim is to make preparations for unpredictable turbulence." This shows that the British are still harboring malicious intentions, pinning their hopes on a turbulent situation surfacing in China. Should such a condition occur, Britain would not return the sovereignty of Hong Kong to China in accordance with the Joint Declaration but would turn Hong Kong into a semi-independent body under British control. Shamelessly, however, the editorial painted such behavior as "helping in China's modernization." A thief playing a gentleman's role, disguising prolongation of the right to rule behind a philanthropic mask, is precisely the nature of Chris Patten's constitutional reform package.

Chris Patten said yesterday that he was willing to talk; however, to achieve "effective administration," the British Hong Kong Authorities will announce the date for Legco's debate on Chris Patten's package. It seems that Chris Patten is bent on the Legco adopting his constitutional reform package in great haste to prolong [British] "administration" beyond 1997. Chinese leader Li Ruihuan has put it well: If the British really uphold democracy, they should allow the people to become masters and the British should go home.

The trend of Chris Patten refusing to converge with the Basic Law and jeopardizing Hong Kong residents' interest at all costs is quite clear and calls for Hong Kong residents sharpening their vigilance, telling right from wrong, and giving up illusions. Patriotic Hong Kong residents who cherish Hong Kong will never allow Chris Patten to sabotage a smooth transition and implementation of the Basic Law. It is our bounden duty to realize one country, two systems, and to continue to stay in and build Hong Kong. Hong Kong residents should take action now and pool their wisdom and suggestions to make preparations for the establishment of the special administrative region, solicit Hong Kong residents' opinions on formulating the draft electoral law for its first Legco, and work hard to safeguard the sovereignty of the motherland and the long-term prosperity and stability of Hong Kong.

#### Commentary Attacks Fiscal Policy, Inflation

HK2203060593 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0850 GMT 15 Mar 93

[Commentary by Yu Cheng (6735 2052)]

[Text] Hong Kong, 15 Mar (ZHONGGUO TONGXUN SHE)—At a time when the Hong Kong economy is troubled by uncertain factors, Hong Kong's financial secretary has made "quite optimistic" forecasts for Hong Kong's economic prospects and generously increased many kinds of public expenditures along with the formulation of a budget deficit. This is worthy of discussion. This worrying increase in public spending and uncontrolled inflation will add to the difficulties of the future special administrative region [SAR] government. History will be the best witness.

In the new budget, Financial Secretary Hamish MacLeod has set a real annual increase in spending by public operational departments at 5 percent, unquestionably seemingly lower than Hong Kong's rate of GNP growth. But this is a financial arrangement based on "quite an optimistic" appraisal of economic development. This has caused people to suspect that MacLeod has "quite optimistically" increased public spending without taking account of two negative factors—inflation and restrictions on foreign trade. This decision was obviously a little too hasty and is not recommendable.

As a matter of fact, Hong Kong businessmen are generally concerned about developments and changes in Sino-U.S. trade relations. A recent Hong Kong Government

study indicates that, if the United States does not renew China's most-favored-nation status unconditionally, Hong Kong's GNP growth rate will fall by 2.2-3.1 percent. Taken for granted, Hong Kong's actual GNP growth rate will drop to 3.3 percent or even 2.4 percent instead of the government estimate of 5.5 percent, whereas public spending will remain at the same growth rate, which is far higher than the rate of economic growth.

Another problem which merits attention is this: the percentage of public expenditure in Hong Kong's GNP has increased and will exceed 17 percent in fiscal year 1992-93, higher than that in fiscal year 1987-88, which was below 15 percent. The Hong Kong Government also believes that this may rise to over 19 percent in the 1995-96 fiscal year. In a degree, this means that the increasing public expenditures will occupy more and more financial resources in society. This is unfavorable to curbing inflation and promoting economic development.

The few measures taken by the authorities to curb inflation years ago under pressure from public opinion to curb inflation have so far produced little effects. The finance secretary has not adopted any positive attitude or method to handle a "high and worrying" inflation problem. He only passively asked Hong Kong people whether they wanted fast or slow economic development and inflation. He could do nothing else.

There are no indications that Hong Kong's high inflation can be resolved, but the Hong Kong Government has formulated a budget with a deficit of HK\$3.4 billion [Hong Kong dollars] based on an overestimated surplus. Apart from affecting the economy, this will be unfavorable to the operation of the future SAR government. MacLeod has estimated Hong Kong's financial reserve at HK\$78.4 billion at the end of the 1996-1997 fiscal year. This sounds quite generous, but is actually worrying because, by then, public spending will have increased to HK\$200 billion and inflation will rise intensely.

The Hong Kong Government has revised its current annual expenditure to HK\$109 billion and its financial reserve is HK\$119.6 billion. These fully indicate the striking imbalance with the figures for 1996-97. How can this meet the British Hong Kong Government's commitment that "in 1997 the future SAR government will start in the best condition and possess a vigorous economy and adequate finance which conform with the needs for the construction of basic facilities in the next century"? If the authorities insist on this policy and method, we believe that, in 1997, Hong Kong will find itself in a difficult situation with high inflation, public expenditure and deficits which are hard to control, and low economic growth.

### Businessmen on Beijing Visit Criticize Governor

OW2103042093 Beijing XINHUA in English 0338  
GMT 21 Mar 93

[Text] Beijing, March 21 (XINHUA)—Hong Kong businessmen in Beijing these days criticize Hong Kong Governor Chris Patten's constitutional package for sabotaging Hong Kong's stability and prosperity.

They point out that Patten's gazetting of his constitutional package has seriously infringed on the interests of the Hong Kong people and created obstacles for Hong Kong's economic development.

Ng Chi Keung, deputy general manager of Fu Hua Foodstuffs (Hong Kong), told XINHUA that he often talked with other Hong Kong residents about Patten's actions after he became governor.

"We all hold that the governor has not keep his word," he said. "He deliberately creates disturbances and violates the agreement already reached between the Chinese and British Governments."

"He gazetted his political package under the banner of democracy," continued Ng. "But in fact he is trying to sabotage Hong Kong's stability and prosperity, damage the interests of the Hong Kong people and shake their confidence."

He said Lu Ping has rightly predicted that Patten will be condemned as "man of guilt in Hong Kong's history."

Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, made the remark at a press conference in Beijing last Wednesday [March 17] when he accused Patten of "shutting the door" on Sino-British talks on the Hong Kong issue.

Chan Pak Wai, general manager of the Lucky Company, said Patten's package will bring no democracy to Hong Kong people. "I fully support the stand of the Chinese Government expressed by Premier Li Peng in his work report delivered at the Eighth National People's Congress."

He added, "I hold that the Chinese Government's way of handling the Hong Kong issue, which is steady and takes the interests of the whole into account, enjoys popular support."

Chan said Hong Kong people realize that the Chinese Government is a government which keeps its word.

He noted that since Patten became Hong Kong governor, the situation in Hong Kong has become unsettled.

He urged Patten to give up his "clumsy tricks" and return to the principles of the Sino-British joint declaration.

Johnathan Hu, vice-president of the Full Link Holding Inc., said no matter how Patten promotes his democracy

plans, he can not change the fact that British colonialists trampled on democracy in Hong Kong for more than 100 years.

He said that China's policies of maintaining Hong Kong's present social system for 50 years and of "one country, two systems" show the Chinese Government is realistic in handling the Hong Kong issue.

"As a businessman, I don't know much about politics," said Hu. "I only hope that the Chinese Government will adopt more resolute measures to defeat the scheme of colonialists so as to enable Hong Kong's economic and social development to go back onto the track of prosperity and stability."

"This is what concerns us business people most," he said.

#### Association Urges UK To Show Sincerity

OW2103145893 Beijing XINHUA in English  
1412 GMT 21 Mar 93

[Text] Hong Kong, March 21 (XINHUA)—The West Kowloon All-Circle Association voiced its indignation over Governor Chris Patten's undermining of Sino-British talks and urged the British side to show its sincerity for resuming the talks for the sake of prosperity and stability in Hong Kong.

In a statement issued Friday [19 March], the association said Patten shut the door for reopening Sino-British talks by gazetting his political bill against the interests of the Hong Kong people and their desire for the Sino-British talks at a time when the talks was about to start.

Patten's bill violated the Sino-British Joint Declaration, the principle of convergence with the Basic Law and understandings and agreements reached between China and Britain, the statement noted.

By gazetting the bill, the statement said, Patten created obstacle for the resumption of the talks between the two countries and tried to force China to accept the fait accompli he created. "This fraud doesn't work at all," the statement said.

"We strongly demand that the British side change its course and remove the man-made obstacle and show its sincerity for resuming talks with China in the interests of all parties concerned," the statement said.

The statement expressed full support for China's position on Hong Kong issue, believing that the Chinese Government is sincere in implementing the Sino-British Joint Declaration, the Basic Law and the related understandings and agreements.

If the British side is bent on its own course, the statement said, it is absolutely necessary for the Chinese side to help the Hong Kong people make in the latter part of the

transitional period all the preparations which are essential for the smooth transfer of power and continued stability and prosperity in Hong Kong.

#### Sino-UK Dispute To Affect Southeast Asia

HK2103083793 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0630 GMT 20 Mar 93

[By reporter Zhao Jian (6392 0256) ]

[Text] Beijing, 20 Mar (ZHONGGUO XINWEN SHE)—Cheng Bifan, associate professor of the Chinese Academy of Social Sciences Institute of World Economics and Politics, pointed out in an interview with this reporter a few days ago: Southeast Asian countries will also be affected if Hong Kong's economy suffers.

This was his reply to a question raised by this reporter. The question was: As a shadow has been cast on Hong Kong's economy by the British Hong Kong Government's perfidious act, what will be the effect on Southeast Asian countries?

According to Cheng Bifan's analysis, trade between Hong Kong and Southeast Asian countries will be affected in the first place. At present, the annual volume of direct trade between Hong Kong and Southeast Asian countries is at tens of billions of Hong Kong dollars and plenty of foodstuffs and manufactured goods for daily use in Hong Kong are imported from Southeast Asian countries. If Hong Kong's economy declines, the amount of manufactured goods for daily use imported by Hong Kong will surely decrease.

Second, the effect on Southeast Asian countries' investment in Hong Kong will be greater. At present, according to a rough estimate, Southeast Asian countries have invested tens of billions of Hong Kong dollars in Hong Kong. Southeast Asian countries' investment in Hong Kong after 1985, in particular, has been increasing by an average of 6-7 billion Hong Kong dollars per year, which is a very rapid rate of growth, whereas most of the investment is in the real estate and financial sectors, which are very sensitive. The effect in this respect will be very great if Hong Kong stock prices fall and its economy declines.

Moreover, at present, a lot of capital from Southeast Asian countries has invested in the Mainland China in combination with capital from Hong Kong and other places. If the United States links the Hong Kong issue to the issue of China's most-favored-nation treatment, exportation of these enterprises' products will also be affected.

In addition, Cheng Bifan also said in his analysis: The prosperity of Hong Kong and of areas in south China and other parts of the mainland is interdependent. Hong Kong's prosperity can promote the economic development in South China and other parts of the mainland, and this will help improve China's power of purchasing



goods from Southeast Asian countries. Otherwise, the bilateral trade may be affected.

Due to the above factors, Cheng Bifan, who has been studying Southeast Asian issues for a long time, was very much in favor of remarks made by Lee Kuan Yew, senior adviser of Singapore. Lee Kuan Yew once said: If Hong Kong keeps prospering, the China mainland, Hong Kong itself, Taiwan, and other East Asian countries [as published], including Singapore, will all be the winners. The dispute between China and Britain is to the disadvantage of Hong Kong, and it will also do no good to Southeast Asian countries.

#### Governor Interviewed on Current Situation

HK2103072893 Hong Kong SUNDAY STANDARD in English 21 Mar 93 pp 17-18

["Exclusive" interview with Governor Chris Patten by columnist Neville de Silva and political editor Brett Free; place and date not given]

[Text] Question: Given the magnitude of Beijing's words against you, the harshness of them...

Patten: Have they been harsh?

Q: Yes, of course they have been. The latest claim is that you are a thief, taking money out of the pockets of Hong Kong people.

Patten: Is it worse to be a thief or an eternal villain?

Q: I don't know. Maybe you might be the thief remembered for 1,000 years. That might come up yet, who knows what's around the corner. But if Beijing keeps hammering away the way they are now and we see the same ups and downs in the stock market, can you see a point in the future where people in Hong Kong might think, well, it is getting too hot for us to handle, can you please back away. How can you be sure you can judge that mood?

Patten: Well, the best thermometer is going to be the Legislative Council. I have said consistently that I did not want to go further than people in Hong Kong wanted to go but I didn't want to go less far and that's the British government's position as well. People sometimes talk about this as though it's just Chris Patten, the 28th Governor. It's actually the Prime Minister, Foreign Secretary and British Cabinet with greater political support in the House of Commons than we have had on almost any issue at all for years, and certainly greater support right across the House of Commons than we have seen for policy on Hong Kong for well over a decade. I mean, look at reactions to the Foreign Minister's statement last Monday (supporting Patten and reaffirming British policy on Hong Kong). How can people, if they look at that, be so naive as to think that the only question is the personality of the Governor of

Hong Kong and that it makes sense to spend every day slugging him off in a million new increasingly exotic ways?

I mean, I suspect that if there were better arguments than abuse we'd be hearing them. I don't think the community out there is anything other than bored by all this. I mean, every day? The first time it happens maybe it has an effect on the (Hang Seng) Index. But we saw it last autumn. The real economy goes on pounding away, enabling the Financial Secretary to produce an extremely good Budget a few weeks back. I think, as well, that people should recognise that if you have got a bottom line you have got to stand on it. A bottom line which simply disappears every time the going gets rough isn't much good.

Q: They asked you last night on television, they asked you if you'd quit, if you'd ever quit, and your reply was it doesn't matter if I'm here or not. It's the same...

Patten: I don't want to personalise things too much, so I pointed out that since the policy was the British government's policy it was a slightly irrelevant question. But let me add to that, let me add two points to that.

First of all, no, I'm not going to give up my responsibilities which I think above all are to stand up for the interests of the people of Hong Kong, and it's precisely because I'm determined to stand up for those interests that I get criticised.

Q: What's the second point? (Laughter as Patten forgets the second point). You do that sometimes, you've done that in Legco a couple of times.

Patten: Now what was the second point. Hold on, hold on, hold on, hold on, hold on. I'm sure it was extremely interesting. Um, secondly, Um, if one was a Machiavellian tactician, and I'm sure that nobody like that exists on the mainland, the worst way about trying to shift a senior official appointed by Britain would be to personalise things. But the main point I want to make is that it's the British government's policy and I'm here to discharge it until the 30th of June 1997.

First of all they said "Oh, he's only going to stay for a bit and then he's going to go back and be a Cabinet minister again or whatever". How long did that one last? Then they said London won't support him. Then they say China won't talk to him so we'll have to consider that. I'll just point out that director Lu Ping, the director of the Hong Kong and Macao Affairs Office, he says he wants to co-operate. Well, I'm going to be the Governor of Hong Kong for the next 4 1/2 years so I'm going to be the guy who they have got to work with.

Q: The harsh language which has been used against you, you would probably expect it from people like Zhou Nan and Xinhua, but when Lu Ping wades in with his two bob's worth as well, doesn't that concern you a little? Did it disappoint you that he would get down to that level of thinking as well?

Patten: I'm a bit disappointed because who knows what was said to him. And I make the point as one of historic fact rather than argument. Using this sort of language is not unknown in Chinese politics. I think if you look at some of the present leaders in China you will see they've been called rather worse things by one-time colleagues. So now they are senior leaders in China. I guess when they were called those things people said, "How could you ever deal with this chap again, look at what he's been called". And now they are called wonderful things. So it's just a question of sticking to one's principles, and keeping one's nerve and behaving sensibly.

Q: It is not only the Chinese who are suggesting you go. Haven't there been recent articles in some British newspapers saying the same thing, or that you would replace Douglas Hurd as foreign secretary?

Patten: All British newspapers without exception have been extremely supportive. There may be some individuals writing to newspapers being critical. Some people always find it inconvenient when you stand by your principles. My principle is, first of all, that I want the arrangements for 1994/95 to be settled. I'm not talking about some great leap in democracy. I'm talking about the elections.

What I find surprising is the fact that some people should assume some moral equivalence between the things that we are arguing about for Hong Kong and some of the things that are being said by our critics.

Q: Have you thought, even remotely, of resigning, as some have suggested?

Patten: No.

Q: You have gazetted the political reform bill but you have not tabled it in the legislature. What is the rationale for this, why this time lag?

Patten: I was explaining to someone the other day the procedures involved—endorsement by the Executive Council, then gazetting, then introducing the legislation in the Legislative Council. These are the procedures in Hong Kong, and this week and next week Legco is tied up with the budget. So, necessarily, we have to consider the matter in the Exco this week and the following week. But while I recognise that people are disappointed there aren't talks, while I remain open to talks on the same basis that we talked for the last 10 years, anytime, anywhere, any place; while I also recognise the difficulties setting up talks has given us some inkling of how difficult talks would be; while all that is true, we cannot, and the community would hate us for it, just sit around with folded hands waiting for talks.

We have to go on governing, we have to put in place arrangements for the 1994/95 elections. I don't think people will want us to wait until 1994/95.

They want us to resolve it one way [sentence as published]

Q: Do you intend tabling the bill on 31 March?

Patten: I intend discussing it with the Executive Council. It is a good question and I think you expected the answer (laughs).

But I repeat what I said earlier, we spent weeks in February and early March trying to get talks going. Well harbour to freeze over to find out whether the Chinese would change their minds. [sentence as published]

Q: I understand that one reason why the talks didn't get off the ground is disagreement over the text of the announcement. I'm told the Chinese wanted it indicated or reflected in the announcement that Hong Kong officials will only be experts attached to the British team. Is that correct?

Patten: That's part of it. What we disagreed about, first of all, was that after five weeks there was still no agreement on a date, not even an agreement on when we could announce a date. There was still a disagreement on whether or not talks should be held in secrecy.

Finally and most importantly we heard very clearly this week how they wanted to change the basis for talks. The Chinese Foreign Ministry spokesman said Hong Kong officials have no right to speak at all. The NCNA [NEW CHINA NEWS AGENCY; XINHUA] officials say Hong Kong government officials have no right to be part of the team. If in those circumstances we had agreed to a totally different basis to what had happened in the last 10 years, imagine the criticism, quite properly.

What you are doing, people will say, is talking behind the backs of the Hong Kong people, talking over their heads. If we talk, we talk. Nobody has yet said what was wrong with the basis of talks I set out on Friday (12 March). So the position on that Thursday morning was that it looked as though on that fundamental issue the gap was narrowing. So I called a special Exco meeting to get their approval to go further. By Thursday afternoon the gap started widening and it widened even more on Friday morning.

Yes they wanted it stated clearly, in black and white, about the Hong Kong officials. All that I wanted was to be in a position to explain it, that there was no difference today any more than there was last year, or the year before or the year before that, with Hong Kong government officials and British government officials in a team. No second-class citizens, no apartheid.

Q: And you didn't want China to contradict that?

Patten: That was all, because we have a pretty clear idea of what might have happened otherwise. One of the many ironies is that it is well known that one of the suggestions that was made when I was in Beijing was that the talks go forward in the JLG (Joint Liaison Group). If the talks went forward to the JLG, there it is a British team which has Hong Kong membership.

Q: Do you still see a possibility of talks resuming?

Patten: I see a possibility.

Q: It seems you are going to stand firm on the participation of Hong Kong officials.

Patten: Yes.

Q: You say it is a matter of principle?

Patten: The British Government said so, too.

Q: Given this situation, do you see any way in which some concessions could be made to get the talks going. For instance, if you are standing fast on the principle of Hong Kong officials, is it possible to agree to amendments to some of your proposals such as on the functional constituencies and on the election committee, as a quid pro quo, to inject some movement?

Patten: I find that a difficult question since I'm not making any preconditions. So how can I make concessions? All I'm saying is let's have talks in the same way we have done for the last 10 years. Why change things now? There has been some talks about sending an emissary to Beijing in the same way John Coles went there last summer as an emissary of the British Prime Minister to sort things out on the airport. John Coles had a team with him that was made up of Hong Kong government officials. Was there an objection then? Did the Chinese Foreign Ministry spokesman say these people have no right to talk at the table, that this was a negotiation between sovereign powers conducted by a team led by a British government official including Hong Kong government officials? You raise two distinct issues. Are there to be talks on a reasonable basis? I say yes there should be talks on a reasonable basis. China says no. The second question is, what happens if there are talks? That is entirely different. I don't think it would be sensible to promise to give things up in talks in order to get talks.

#### Discusses Airport Funding

HK2103072793 Hong Kong SUNDAY STANDARD in English 21 Mar 93 p 3

[By Brett Free]

[Text] Governor Chris Patten has said he will not drain government reserves to build the new airport if there is no agreement with China on a funding package.

"I'm not going to run down reserves," he said in an exclusive interview with The Sunday Standard.

"First of all I don't think the Legislative Council would approve. And don't forget, any financing of big projects has to go to the Legislative Council," Patten said.

"I don't think it would be prudent to finish up in the end with nothing in the bank. I want to make sure we have adequate reserves in 1997 and the years before that because I think that is prudent in case of a rainy day.

"We announced the other day an increase in the scale of the reserves we will have in 1997 over what we had last year.

"Last year some people criticised us because it was too high. This year some people have criticised us because it is too low, even though it is higher than it was last year. It is a complicated matter."

He also said China would have to bear the responsibilities if the airport was not finished before the handover of sovereignty in mid- 1997.

"Last time I referred to the scale of our reserves in 1997 it was obviously regarded as a shade too demotic (popular) by some Chinese officials."

Patten is hopeful China would eventually see the merits of financing the airport and rail link with loans.

He said there would reach a stage when it would become clear there were other ways of funding rather than dipping into public money.

"It is sometimes more sensible to borrow, partly because of HK's terrific credit rating," he said.

"My main concern throughout the next 4-1/2 years is going to be, on the economic front, to act prudently.

"But if part of the consequence of first acting prudently, and second not being able to get a deal with China on overall financing is that we are not able to open the airport as early as I would like, that is something I will have to face."

Patten said the community regarded some of China's arguments as "a bit of a charade" since it was quite clear Hong Kong would get a new airport sooner or later.

He said he would like to leave Hong Kong in the middle of 1997 with "everything as far as possible in apple pie order".

He said he would do everything he could to get the airport built under the terms spelt out in the Memorandum of Understanding on the new airport.

"I hope others to the north are equally committed," he said.

Patten said the funding row extended well beyond the 11 months since Hong Kong put up its first financing plan.

"After all the Memorandum of Understanding was a consequence of well over a year when things weren't moving. That was in late 1991 and here we are still with nothing cooking," he said. "Except we are doing our best to implement the MoU. We have well over \$20 billion in projects that are among the Airport Core Projects that are up and running.

"So we are pushing ahead wherever we can. Bridges, preparation of site and so on. But it is a frustration not to have the whole thing tied up."



**China Allegedly 'Manipulating' Share Prices**

PM1903140893 London THE DAILY TELEGRAPH in English 19 Mar 93 p 12

[Hugo Gurdon report: "Communists Milk Colony's Stock Market"]

[Text] Hong Kong—China's Communist officials are manipulating Hong Kong Share prices and making a financial killing by insider trading on advance knowledge of Beijing's harangues against the Governor, Mr Chris Patten.

Market analysts say Chinese cheating is rampant and undermining Hong Kong's claim to be among the world's top financial centres. One analyst, Mr Bob Broadfoot, head of the Political and Economic Risk Consultancy, said: "It's no coincidence that just days before (Sino-British) political talks broke down last week, we got the market running up to a record with word that everything was rosy."

Then, on Wednesday morning, when everyone else was selling shares in panic because they feared Beijing would

make a fiery attack that afternoon, Chinese-controlled firms were on a buying spree. At 3 pm Lu Ping, China's top Hong Kong affairs official, denounced Mr Patten, but carefully avoided repeating previous economic threats, and the market rallied.

Trading on inside political information is not illegal in Hong Kong.

But Mr Martin Lee, leader of the territory's United Democrats party, wrote in the Asian Wall Street Journal: "Such participation threatens the fair competition that is the bedrock of Hong Kong's economic success."

Analysts note that while liberalising its economy, China is telling state-owned firms to list their shares only on the Hong Kong market and not, as some had wished in New York.

With the Hong Kong dollar pegged to the US dollar, this means Beijing will, after the 1997 takeover, "be able to make hard currency locally, but in a system ultimately controlled by China, not by tougher US regulators", said one analyst.

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